



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2022**

**CITY OF INVER GROVE HEIGHTS,
MINNESOTA**

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CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2022

REPORT PREPARED BY:
FINANCE DEPARTMENT

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City of Inver Grove Heights, Minnesota
 Annual Comprehensive Financial Report
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INTRODUCTORY SECTION
CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
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June 12, 2023

To the Mayor, City Council and Citizens of the City of Inver Grove Heights:

Minnesota statutes require every city to issue an annual report on its financial position and activity. These must be prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with audit standards generally accepted in the United States of America by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Inver Grove Heights for the fiscal year ended December 31, 2022.

This report consists of management's representations concerning the finances of the City of Inver Grove Heights. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, the City of Inver Grove Heights' internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Inver Grove Heights' financial statements have been audited by Abdo, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Inver Grove Heights' financial statements for the fiscal year ended December 31, 2022, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Inver Grove Heights' MD&A can be found immediately following the report of the independent auditors.

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Profile of the Government

The City of Inver Grove Heights, incorporated in 1965, is a suburban community located about 12 miles south of the City of St. Paul, Minnesota and part of the Twin Cities Metropolitan Area that includes Minneapolis, with a total population estimated to be 4 million. The city is in Dakota County, one of the fastest growing counties in the state in terms of population, housing, and business growth. The City of Inver Grove Heights currently occupies a land area of approximately 30 square miles and serves a population of approximately 36,000. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. While it is empowered by state statute to extend its corporate limits by annexation, Inver Grove Heights is still developing within its corporate limits and is bordered on all sides by other incorporated communities.

The City of Inver Grove Heights became a statutory city in 1974. The City operates under a statutory form of government consisting of a four-member city council and the mayor who is a voting member. Council members serve four-year staggered terms and the mayor serves a two-year term. Among its primary duties, the City Council makes laws, sets policies, adopts budgets, and oversees a wide-ranging agenda for the community. The City Administrator is appointed by the City Council. The City Administrator heads the administrative branch of city government and directs all city operations, projects, and programs.

The City of Inver Grove Heights provides a full range of services, including police and fire protection, the construction and maintenance of streets and other infrastructure, water and sewer services, community development support, and recreational activities and cultural events.

The annual budget serves as a foundation for the City of Inver Grove Heights' financial planning and control. All departments of the City submit requests for appropriation for the following year to the City Administrator, who uses this information to develop a proposed budget. This is presented to the City Council for their review. The City Council is required to adopt a proposed budget and tax levy by September 30. The Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 28.

Factors Affecting Financial Condition

The information in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Inver Grove Heights operates.

Local Economy. The City of Inver Grove Heights continues to experience development and population growth. State Highway 52, which traverses north and south through the City, allows residents and businesses rapid and direct access directly north into downtown St. Paul and to Interstate Highway 94 which connects St. Paul with Minneapolis. This roadway has enhanced transportation throughout the metropolitan area for City residents and increased opportunity for further industrial, commercial, and residential development.

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Interstate Highway 494 traverses east and west through the City and connects with Interstate Highway 694 to form a freeway loop around the entire Twin Cities Metropolitan area. The highway system provides Inver Grove Heights ready access to the downtowns of Minneapolis and St. Paul as well as the international airport located 11 miles away.

Inver Grove Heights has several large industries which account for a significant portion of the City's commercial tax capacity. Some of the industries are highly automated and consequently are major taxpayers but not major employers.

Relevant Financial Policies.

In 2022, the City implemented GASB 87 for leases as required by the Governmental Accounting Standards Board (GASB). GASB 87 established a model for lease accounting based on the foundational principle that leases are financing the right to use an asset. The goal of this implementation was to increase the usefulness of the city's financial statements by reporting certain lease liabilities that are not currently reported as well as enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. The city will recognize a lease liability and a lease asset when it is a lessee, unless the lease is a short-term lease, or it transfers ownership of the underlying asset. When the city is the lessor, it will recognize a lease receivable and deferred inflow of resources.

The primary financial goal of the City's investment policy is to ensure the safety of principal invested by the City. Cash temporarily idle during the year is invested in instruments authorized under *Minnesota Statute No. 118A*. Instruments authorized include certificates of deposit, commercial paper, and obligations of U.S. Treasury and government agencies. To achieve diversification, the policy provides that, except for U.S. Treasury securities, no more than 50% of the City's total investment portfolio will be invested with a single institution or in a single security type. A report summarizing investment activity and demonstrating compliance with this policy is prepared on a monthly basis for City Council review. Cash balances from all City funds are pooled into an investment fund and investment income is distributed on a pro-rata basis at the end of each quarter.

Capital financing for major municipal improvements is provided through improvement bonds, general obligation bonds, tax increment bonds, or revenue bonds. Depending upon the project, special assessments may be levied upon properties to share in the cost of the improvement project. The special assessments are collected over a period of time and are used to help satisfy the improvement bond debt. Internal financing of improvement projects is usually minimal and only for short periods of time.



The City has adopted a comprehensive set of internal control procedures. The City's accounting system was developed and is continually evaluated to assure the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance in the areas of safeguarding assets against loss from unauthorized use or disposition, reliability of financial records, and convenience of access for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the evaluation of cost and benefits requires estimates and judgments by management, and the cost of a control should not exceed the benefits likely to be derived. All internal controls are evaluated against the above criteria. It is our belief that the City's internal accounting controls adequately safeguard the City's assets and provides reasonable assurance of properly recording financial transactions.

Major Initiatives.

Community Development

The high cost of land, construction materials, labor, and financing impacted the level of new construction activity in 2022, especially in the last quarter. The total value of permitted new construction was \$122 million in 2022, which is greater than 2019's pre-pandemic amount of \$114 million, but less than 2021's record breaking year of \$144 million in new value. The total number of building permits issued in the city in 2022 did grow by over 6%, which reflects steady, sustainable growth. In 2022, building construction included over \$10 million of private sector investment in new commercial development and \$7 million in multi-family development. An additional \$11 million was invested in private commercial redevelopment projects in 2022. Construction was started on 166 new housing units, mainly single-family units with an average sales price point of \$650,000 plus. Another noteworthy fact is that the number of single-family home renovation permits has more than doubled within the last three years. That being said, total 2022 building permit fee revenues declined slightly from just under \$6 million in 2021 to just under \$5 million in 2022.

Some new commercial development projects in 2022 included Minnesota's first landfill to renewable natural gas (RNG) plant constructed by Republic Services, OPAL Fuels and NextEra Energy Marketing. United Properties also constructed another 95,000 square foot office/warehouse building in their Inver Pointe business park just south of state Highway 55, and the city's largest employer, CHS, continued its multi-year corporate headquarters renovation. A variety of restaurants expanded their space to include outdoor dining patios and bar service expansions, auto dealerships continued to renovate their campuses, Aldi's grocery store expanded, and a number of other retail storefronts throughout the city were renovated to accommodate newly leased retail shopping and service businesses such that overall vacancy rates for existing retail space is now quite low in the city.

Two new single family housing plats were approved in 2022 resulting in 12 new lots for Canvas at IGH (2nd Addition) and 50 new lots in the Highlands at Settlers Ridge (Lennar) plat. The second addition for South Grove Townhome's was also reviewed and approved adding 35 more townhome units. Lastly, the Inver Pointe Business Park plat was amended to include two new office/warehouse buildings which will translate into better paying jobs and increased tax base in the city in the next couple of years as they are built out.

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The Inver Grove Heights EDA financially supported entrepreneurs in the city by funding the 'Open to Business' small business entrepreneurial support program for another year. The EDA partners with the Dakota County Community Development Agency and other Dakota County cities to contract for professional small business counseling services and microloan financing that is then made available at no cost to local entrepreneurs in start-up, growth, or pandemic recovery modes. It has been rewarding to track the local businesses this technical support has assisted and their successful growth in the city.

Police Department

A key emphasis for the Police Department in 2022 was the continued mental health of the community and all members of the department. All police department employees were again required to do a one-hour visit with a mental health provider and the department is proud that all employees have completed this with a few employees utilizing additional visits again in 2022. Last year training was provided to start a Peer Support Team for officers and civilian staff and in 2022 the first Peer Support Team was formed. A mental health provider also came to our office and provided debriefing for our staff after some serious incidents that officers were involved in during 2022.

In 2021, the department started researching the potential benefits of having a social worker embedded within the department to work with citizens that may need services beyond law enforcement and emergency response, such as mental health services, financial services, etc. The department submitted a letter of interest to Dakota County in late 2021 to partner with them on this initiative and in early 2022 we were selected to receive a full-time embedded social worker in the police department. Our social worker started in August and works directly with our Administrative Lieutenant as a two-person team that offers follow-up services to those in crisis. In the first three months, the team fielded 135 contacts for mental health outreach. Of the contacts, 52 were from police calls, 78 from follow ups after reading police reports officers had flagged as possible mental health services needed and 5 walk ins to the police station were served. The Department also has a member of Dakota County Crisis Response Unit based out of our Police Department one day a week. This individual can go directly to active crisis calls with our police officers to start working with community members in crisis and then the follow up is handled by a two-person team.

Fire Department

The Fire Department's emergency calls increased from a high of 2,787 in 2021 to a new record of 3,014 in 2022. Although this was an increase of 8%, it was still much less than the double-digit increases of the past several years. Of the total calls, 68%, were for emergency medical services. The rest included a combination of different types of fires, rescues, alarms (fire/carbon monoxide), and other hazardous conditions.

Utilizing a \$3.4 million federal grant, the City was able to add 9 additional full-time staff to the Fire Department in 2022: 6 firefighters and 3 lieutenants. The grant pays for all wages and benefits for a 3-year period. With these 9, the City added a second crew of 3 on duty 24/7. By having two crews out of two different stations, the Department's median response time was reduced by a little over 14%. In addition, the total number of callbacks for the paid-on-call (POC) staff, for larger and concurrent calls, was reduced by 30%. That means less intrusion on the private lives of our POC firefighters, helping with retention.

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Citygate Associates, an independent fire consultant, completed their Fire Department Service Evaluation in 2022 and presented the results to the City Council. They evaluated equipment, facilities, past performance, and the services we provide, along with the community and its risks, concluding with 11 staffing, equipment, and administrative recommendations.

Public Works

The City hired a new Public Works Director in January 2022, after the role had been vacant for much of 2021. A primary objective of the new Director was the development of a five-year Public Works Capital Improvement Plan (CIP), to align public project priorities with the department's multiple budgets. A key driver in the CIP is the City's annual Pavement Management Initiative (PMI), which included the rehabilitation and reconstruction of 5.8 miles of streets, while adding 3.5 miles of new streets to the City's system through new development. Three miles of watermain and two miles of storm sewer were also added to the City's utility system.

The City continued its partnership with Dakota County on several projects, including the preliminary design of a major street reconstruction and modernization project on 117th Street between Rich Valley Boulevard and TH 52. The City also partnered with Dakota County and the City of Eagan on the reconstruction of CSAH 28 (70th Street) between TH 55 and TH 3, and Argenta Trail (CR 63) between Amana Trail and 65th Street. This project was bid in 2021 and is anticipated to extend through 2023.

Parks & Recreation

In August of 2022, Inver Grove Heights celebrated the grand opening of Vista Pines Park, the first of four neighborhood parks planned for the northwest area of the city. The 8-acre park includes paved and natural trail loops, a playground, full basketball court, two bike skills courses, an open green space, and a pleasure skating rink in the winter.

The Veteran's Memorial Community Center (VMCC) continued to return to pre-Covid pandemic revenues and attendance in 2022. Although the pandemic continued to have an impact on programs and access to the National Guard Gym in the first quarter of 2022, the facility and department has made strides in bringing revenues up. As of December 31, 2022 the VMCC membership base had increased by 22% over 2021, with 3072 members, and admissions increased by 22%, ending the year with 184,181 admissions for events such as Open Swim and Open Skate and Hockey. These numbers account for 95% of projected 2022 revenues. In 2022, records show the Parks and Recreation staff offered over 8,600 individual programming opportunities to the public, including fitness, aquatics, youth, active older adults, teens, and special event programming.

Notable projects in 2022 included the completion of the pool filter replacement project, which included the replacement of pool filters, pumps, motors, and chemical feed systems. In addition, all three community rooms were upgraded with new carpet, paint, ceiling tiles, and audio/visual equipment.

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Inver Wood Golf course continues to perform well financially and remains a positive recreational asset in the community. We had another year of strong participation in golf with over 70,000 rounds of golf played between the Championship and Executive Golf Courses. Our driving range remained at capacity level and saw over 10,000 visitors. Additionally, in March of last year Minnesota Golfer Magazine featured the Inver Wood Golf Course for providing a high-quality course all while welcoming high levels of traffic.

Administration & Finance

The 2022 statewide General Election, which included numerous city, county, and statewide offices, yielded a 69% voter turnout in Inver Grove Heights and resulted in the election of a new mayor and two new city councilmembers in IGH. The City Clerk's office served 4,782 early voters and 11,367 Election Day voters thanks to the combined efforts of full-time and seasonal staff as well as 130 election judges.

In the Finance Department, significant strides were made in streamlining numerous city funds, providing a more transparent and workable structure for staff, policymakers and the public.

For the Future.

The future looks bright for Inver Grove Heights in 2023 and beyond. The 2023 budget adopted by the City Council will allow for a significant investment in staffing to serve our growing community. New staffing will be hired in 2023 for the Police Department, Streets, Parks, and Communications. The City is also providing wage increases to paid on call firefighters and putting additional resources into seasonal staff for Streets and Parks to enhance maintenance of our valuable infrastructure.

New commercial and residential construction, as well as renovation and remodeling, are anticipated to continue keeping the Community Development Department busy in 2023. A new economic development consultant has been hired and increased attention is being devoted to the recruitment of additional retail and dining options for the community.

In 2023, the Police Department will be working on updating city ordinances to help both businesses and residents with a number of quality-of-life and community livability issues. Working with the City Clerk's office, the department is expected to take over licensing and enforcement of tobacco sales in the City from Dakota County, and will also be closely monitoring and responding as needed to changes at the state level regarding the legal use of marijuana and other THC products.

With a new fire marshal and inspector starting in early 2023, the Fire Department looks forward to a renewed focus on community risk reduction. This will improve safety, not just for those living, working in or visiting our city, but also for firefighters who have to respond to calls.

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Public Works will be focused on continued implementation of the annual Pavement Management Initiative, design of a major rehabilitation effort at the City's Water Treatment Plant, and the initiation of a comprehensive site plan for the expansion of the City's existing Public Works Facility.

The City's parks system will see significant investment in 2023, with Phase 1 redevelopment of South Valley Park, Phase 4 construction of Heritage Village Park, and the development of two additional northwest area parks all proceeding forward.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Inver Grove Heights for its annual comprehensive financial report for the fiscal year ended December 31, 2021. This Certificate recognizes the city for publishing an easily readable and efficiently organized financial report which satisfies both GAAP and applicable legal requirements. The city has consecutively received this award since 1986.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated services of the Finance Department staff. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Inver Grove Heights' finances.

Respectfully submitted,

Amy Hove
Finance Director

Kristine Lyndon Wilson
City Administrator

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Inver Grove Heights
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

City of Inver Grove Heights, Minnesota
Elected and Appointed Officials
As of June 12, 2023

ELECTED

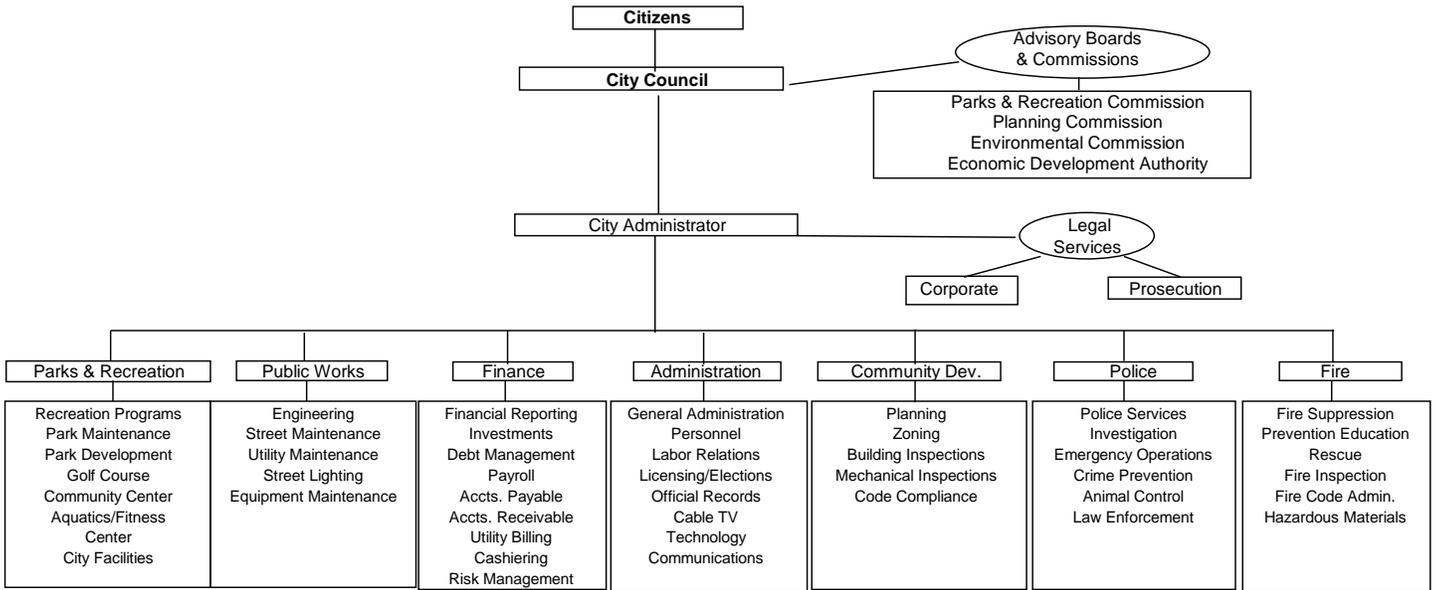
Name	Title	Term Expires
Brenda Dietrich	Mayor	12/31/24
Sue Gliva	Council Member	12/31/24
Tony Scales	Council Member	12/31/26
John Murphy	Council Member	12/31/24
Mary T'Kach	Council Member	12/31/26

APPOINTED

Name	Title
Kris Wilson	City Administrator
Amy Hove	Finance Director
Melissa Chiodo	Police Chief
Judy Thill	Fire Chief
Brian Connolly	Public Works Director
Heather Rand	Community Development Director
Adam Lares	Parks and Recreation Director

CITY OF INVER GROVE HEIGHTS, MINNESOTA

ORGANIZATION CHART



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FINANCIAL SECTION
CITY OF INVER GROVE HEIGHTS
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FOR THE YEAR ENDED
DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Inver Grove Heights, Minnesota

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Inver Grove Heights, Minnesota (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund and Community Center special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit

Change in Accounting Principle

As described in Note 7 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 87, Leases, for the year ended December 31, 2022. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 29 and the Schedules of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions, the related notes disclosures, Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios and the Schedule of Changes in the City's OPEB Liability and Related Ratios starting on page 110 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



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Minneapolis, Minnesota
June 12, 2023



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Management's Discussion and Analysis

As management of the City of Inver Grove Heights, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 11 - 18 of this report.

Financial Highlights

- The assets and deferred outflows or resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages. The unrestricted amount of net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased as shown in the summary of changes in net assets table on the following pages. The increase this year was due to an increase in capital grants and contributions, and charges for services in the business-type activities continuing to outweigh expenses.
- For the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's Funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase was mainly due to an increase in permit revenue and charges for services. The total of assigned and unassigned as shown in the governmental fund balance table is available for spending at the City's discretion.
- The City's total bonded debt decreased during the fiscal year. The decrease was a result of schedule debt service payments as shown on the outstanding debt table.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, community development, and interest on long-term debt. The business-type activities of the City include water, sewer, and storm water utilities and the golf course.

The government-wide financial statements start on page 45 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and internal service funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Improvement Bonds, Community Center, American Rescue Plan Act, Closed Bond, Local Improvement Construction, Pavement Management, Developer Escrow and the Host Community funds, which are all considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund and Community Center special revenue fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with its budget.

The basic governmental fund financial statements start on page 50 of this report.

Proprietary Funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for all the water, sewer, storm water and golf course funds, which are considered to be major funds of the City. Conversely, all internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, storm water and golf operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for compensated absences, risk management, central equipment maintenance, office supplies and equipment, city facilities and technology. Because these services predominantly benefit governmental rather than business-type activities, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements start on page 60 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 67 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pensions and other postemployment benefits to its employees.

Required supplementary information can be found starting on page 110 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the required supplementary information.

Combining and individual fund financial statements and schedules start on page 122 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$263,004,105 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Inver Grove Heights' Summary of Net Position

	Governmental Activities			Business-type Activities			Total		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Assets									
Current and other assets	\$ 94,741,219	\$ 91,010,585	\$ 3,730,634	\$ 24,174,772	\$ 23,766,398	\$ 408,374	\$ 118,915,991	\$ 114,776,983	\$ 4,139,008
Capital assets, net of depreciation	141,130,572	139,006,065	2,124,507	71,232,628	71,789,279	(556,651)	212,363,200	210,795,344	1,567,856
Total Assets	235,871,791	230,016,650	5,855,141	95,407,400	95,555,677	(148,277)	331,279,191	325,572,327	5,706,864
Deferred Outflows of Resources									
Deferred charge on refunding	-	-	-	116,662	135,839	(19,177)	116,662	135,839	(19,177)
Deferred other postemployment benefits resources	151,212	136,035	15,177	17,921	17,553	368	169,133	153,588	15,545
Deferred pension resources	17,123,748	10,336,429	6,787,319	534,253	567,698	(33,445)	17,658,001	10,904,127	6,753,874
Total Deferred Outflows of Resources	17,274,960	10,472,464	6,802,496	668,836	721,090	(52,254)	17,943,796	11,193,554	6,750,242
Liabilities									
Long-term liabilities outstanding	59,274,265	41,205,522	18,068,743	13,042,258	16,345,073	(3,302,815)	72,316,523	57,550,595	14,765,928
Other liabilities	9,208,095	10,305,356	(1,097,261)	2,240,187	2,028,581	211,606	11,448,282	12,333,937	(885,655)
Total Liabilities	68,482,360	51,510,878	16,971,482	15,282,445	18,373,654	(3,091,209)	83,764,805	69,884,532	13,880,273
Deferred Inflows of Resources									
Deferred pension resources	1,184,645	12,827,995	(11,643,350)	23,399	702,912	(679,513)	1,208,044	13,530,907	(12,322,863)
Deferred other postemployment benefits resources	10,129	12,042	(1,913)	1,200	1,553	(353)	11,329	13,595	(2,266)
Deferred lease resources	1,234,704	-	1,234,704	-	-	-	1,234,704	-	1,234,704
Total Deferred Inflows of Resources	2,429,478	12,840,037	(10,410,559)	24,599	704,465	(679,866)	2,454,077	13,544,502	(11,090,425)
Net Position									
Net investment in capital assets	112,929,545	108,803,798	4,125,747	60,441,697	59,652,599	789,098	173,371,242	168,456,397	4,914,845
Restricted	14,527,169	10,885,593	3,641,576	-	2,900,000	(2,900,000)	14,527,169	13,785,593	741,576
Unrestricted	54,778,199	56,448,808	(1,670,609)	20,327,495	14,646,049	5,681,446	75,105,694	71,094,857	4,010,837
Total Net Position	\$ 182,234,913	\$ 176,138,199	\$ 6,096,714	\$ 80,769,192	\$ 77,198,648	\$ 3,570,544	\$ 263,004,105	\$ 253,336,847	\$ 9,667,258
Net Position as a Percent of Total									
Net investment in capital assets	62.0 %	61.8 %		74.8 %	77.2 %				
Restricted	8.0	6.2		-	3.8				
Unrestricted	30.0	32.0		25.2	19.0				
	<u>100.0 %</u>	<u>100.0 %</u>		<u>100.0 %</u>	<u>100.0 %</u>				

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Significant changes from the prior year are noted below:

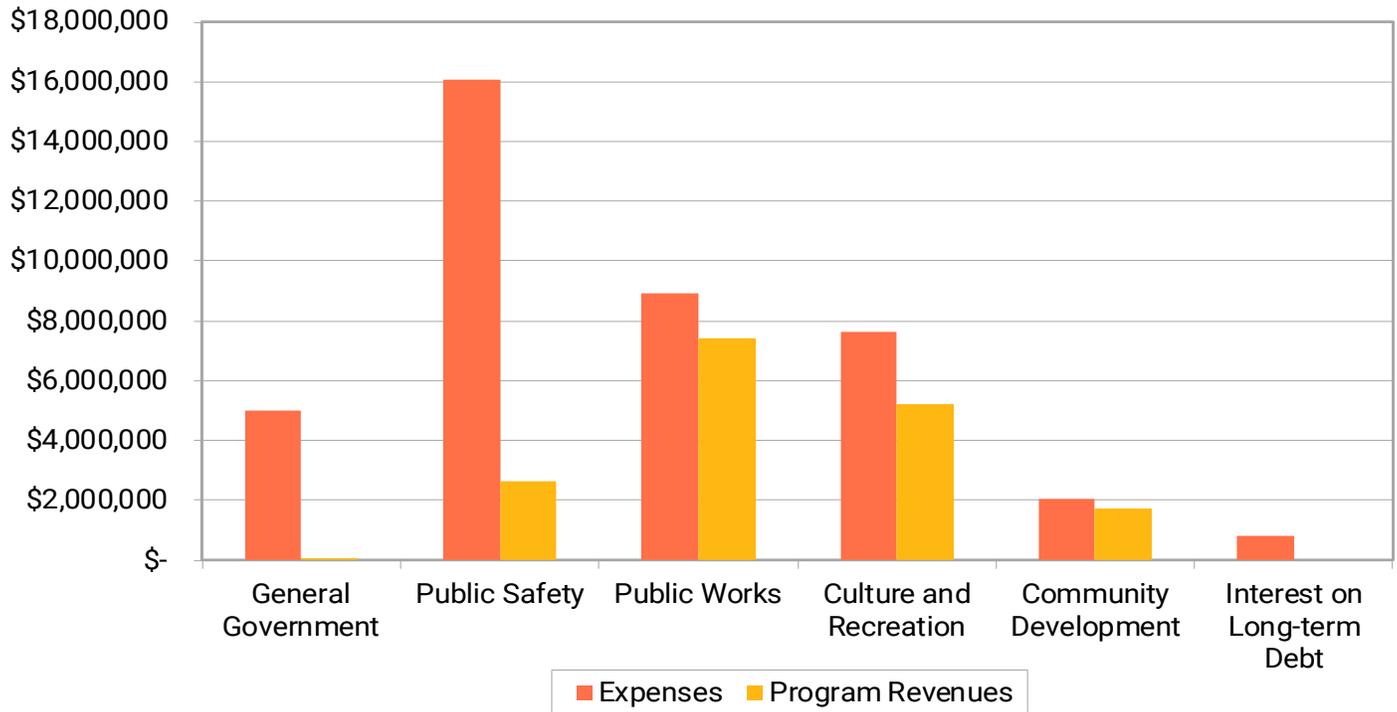
City of Inver Grove Heights' Changes in Net Position

	Governmental Activities			Business-type Activities			Total		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Revenues									
Program Revenues									
Charges for services	\$ 9,834,695	\$ 12,089,636	\$ (2,254,941)	\$ 10,898,784	\$ 11,329,468	\$ (430,684)	\$ 20,733,479	\$ 23,419,104	\$ (2,685,625)
Operating grants and contributions	4,062,148	2,153,837	1,908,311	25,808	10,232	15,576	4,087,956	2,164,069	1,923,887
Capital grants and contributions	3,104,575	2,679,057	425,518	4,516,877	3,957,841	559,036	7,621,452	6,636,898	984,554
General Revenues									
Taxes									
Property taxes	28,220,220	26,282,771	1,937,449	-	-	-	28,220,220	26,282,771	1,937,449
Other taxes	1,335,434	1,304,445	30,989	-	-	-	1,335,434	1,304,445	30,989
Grants and contributions not restricted to specific programs	621,200	322,839	298,361	-	-	-	621,200	322,839	298,361
Unrestricted investment earnings (loss)	(1,066,607)	(386,473)	(680,134)	(574,952)	(120,763)	(454,189)	(1,641,559)	(507,236)	(1,134,323)
Gain on sale of capital assets	245,535	109,509	136,026	8,500	-	8,500	254,035	109,509	144,526
Total Revenues	<u>46,359,767</u>	<u>44,555,621</u>	<u>1,804,146</u>	<u>14,875,017</u>	<u>15,176,778</u>	<u>(301,761)</u>	<u>61,234,784</u>	<u>59,732,399</u>	<u>1,502,385</u>
Expenses									
General government	4,992,374	4,209,265	783,109	-	-	-	4,992,374	4,209,265	783,109
Public safety	16,083,846	12,388,559	3,695,287	-	-	-	16,083,846	12,388,559	3,695,287
Public works	8,911,207	7,307,967	1,603,240	-	-	-	8,911,207	7,307,967	1,603,240
Culture and recreation	7,612,774	6,803,476	809,298	-	-	-	7,612,774	6,803,476	809,298
Community development	2,062,697	2,119,884	(57,187)	-	-	-	2,062,697	2,119,884	(57,187)
Interest on long-term debt	798,645	861,888	(63,243)	-	-	-	798,645	861,888	(63,243)
Water	-	-	-	3,859,391	3,021,693	837,698	3,859,391	3,021,693	837,698
Sewer	-	-	-	4,400,611	3,944,724	455,887	4,400,611	3,944,724	455,887
Storm water management	-	-	-	686,977	743,576	(56,599)	686,977	743,576	(56,599)
Golf course	-	-	-	2,159,004	1,966,693	192,311	2,159,004	1,966,693	192,311
Total Expenses	<u>40,461,543</u>	<u>33,691,039</u>	<u>6,770,504</u>	<u>11,105,983</u>	<u>9,676,686</u>	<u>1,429,297</u>	<u>51,567,526</u>	<u>43,367,725</u>	<u>8,199,801</u>
Excess before transfers	5,898,224	10,864,582	(4,966,358)	3,769,034	5,500,092	(1,731,058)	9,667,258	16,364,674	(6,697,416)
Transfers - capital assets	(538,754)	(7,813,925)	7,275,171	538,754	7,813,925	(7,275,171)	-	-	-
Transfers - internal activities	737,244	(660,730)	1,397,974	(737,244)	660,730	(1,397,974)	-	-	-
Change in Net Position	6,096,714	2,389,927	3,706,787	3,570,544	13,974,747	(10,404,203)	9,667,258	16,364,674	(6,697,416)
Net Position, January 1	176,138,199	173,748,272	2,389,927	77,198,648	63,223,901	13,974,747	253,336,847	236,972,173	16,364,674
Net Position, December 31	<u>\$ 182,234,913</u>	<u>\$ 176,138,199</u>	<u>\$ 6,096,714</u>	<u>\$ 80,769,192</u>	<u>\$ 77,198,648</u>	<u>\$ 3,570,544</u>	<u>\$ 263,004,105</u>	<u>\$ 253,336,847</u>	<u>\$ 9,667,258</u>

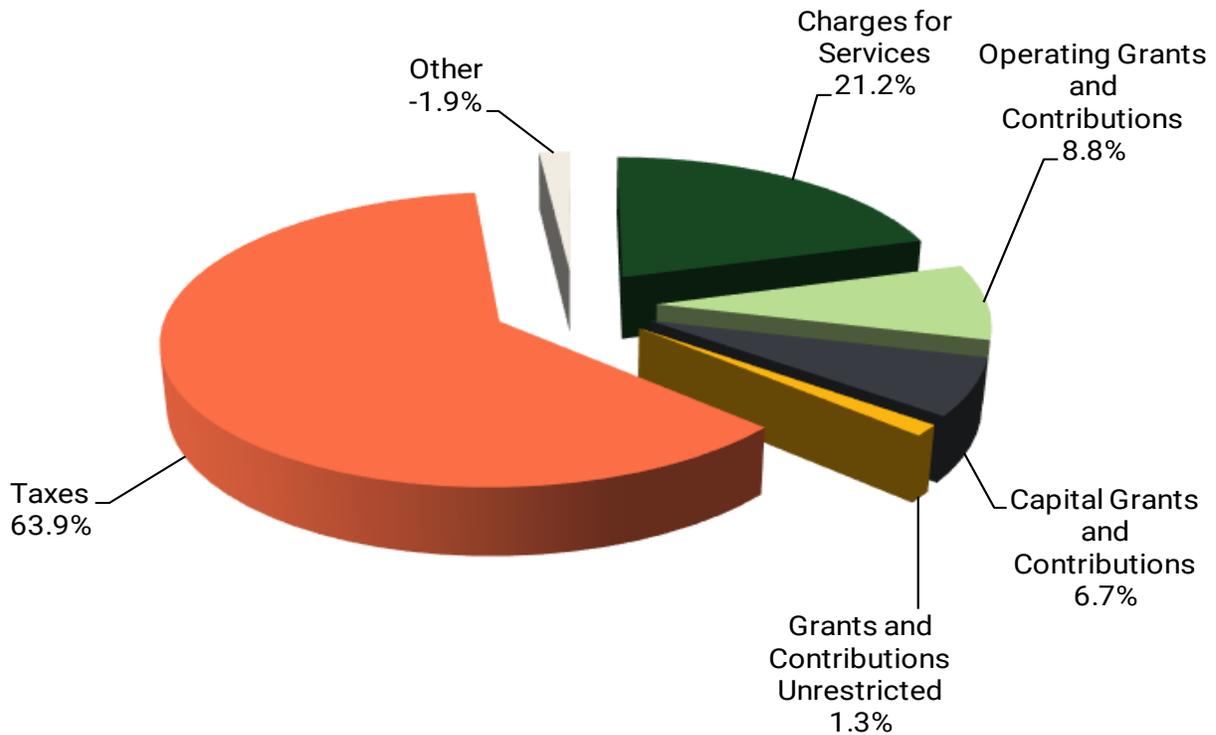
- The decrease in charges for services was due to larger 2021 development-related fees, primarily related to park dedication.
- The increase in operating grants and contributions from 2021 was due to grants received for fire department payroll costs.
- The increase in governmental activity expenses was largely due to the increase in the City's share of the net pension liability.

Governmental Activities. Governmental activities increased the City's net position. This increase was primarily the result of an increase in operating grants and contributions and property tax revenue. The following graph depicts various governmental activities and shows the revenues and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities

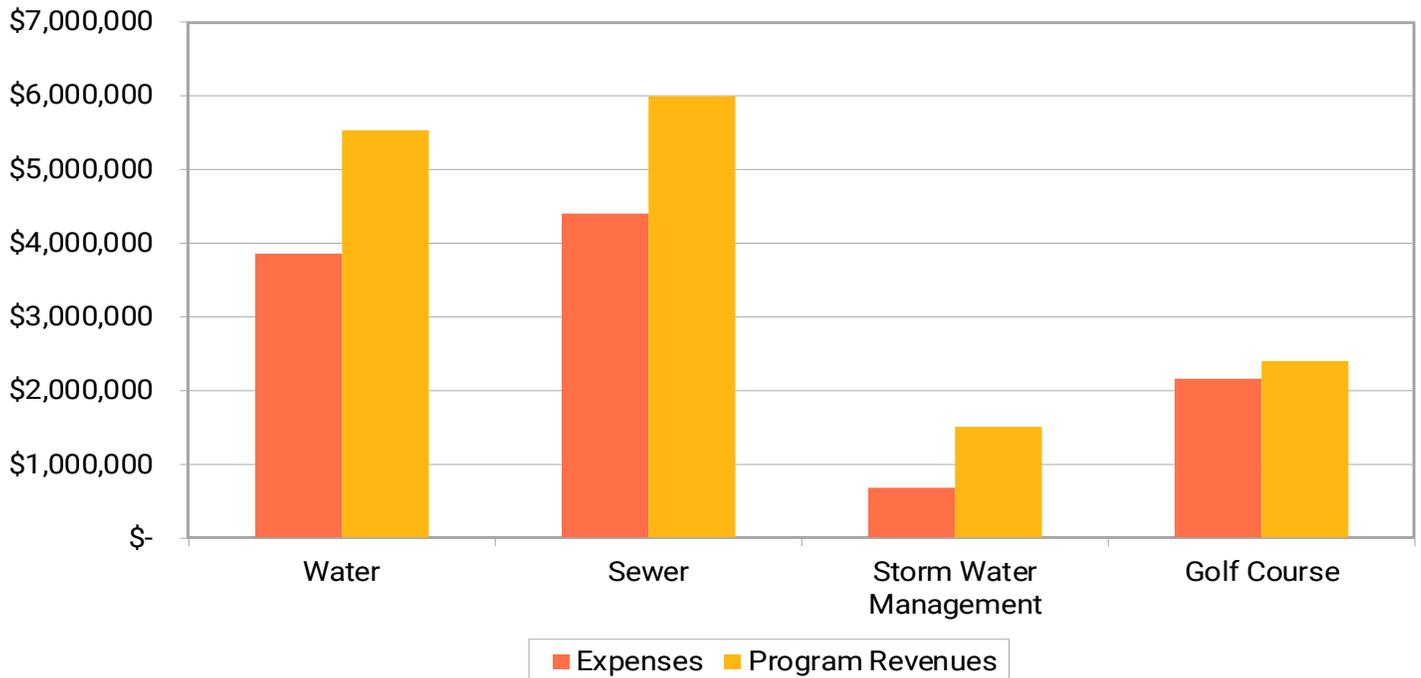


Revenues by Source - Governmental Activities

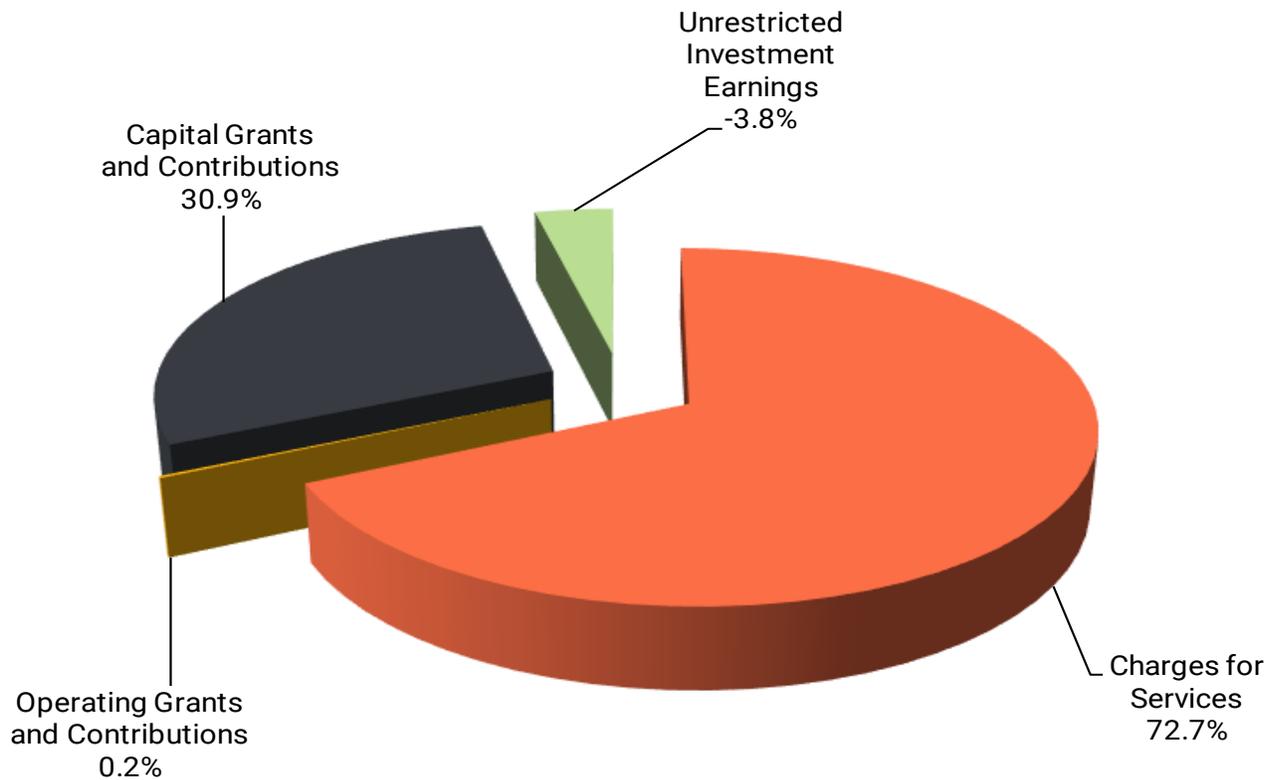


Business-type Activities. The business-type activities increased the City’s net position. This increase was primarily the result of capital contribution credits from public improvement projects, as well as connection fees from development projects for both the sewer and water funds. Below are graphs showing the business-type activities revenue and expense comparisons.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The table below outlines the governmental fund balances for the year ending December 31, 2022.

	General Fund	Improvement Bonds	Closed Bond	Community Center	American Rescue Plan Act (ARPA)	Local Improvement Construction		
Fund Balances								
Nonspendable	\$ 71,772	\$ -	\$ -	\$ 8,460	\$ -	\$ -		
Restricted	26,073	4,075,545	-	-	-	-		
Committed	278,240	-	-	-	-	-		
Assigned	-	-	2,090,990	-	-	1,140,142		
Unassigned	13,387,712	-	-	(1,683,478)	-	-		
Total	\$ 13,763,797	\$ 4,075,545	\$ 2,090,990	\$ (1,675,018)	\$ -	\$ 1,140,142		
				Other Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)	
Fund Balances								
Nonspendable	\$ -	\$ -	\$ -	\$ 640	\$ 80,872	\$ 22,396	\$ 58,476	
Restricted	-	-	-	8,117,337	12,218,955	10,773,898	1,445,057	
Committed	-	-	-	505,837	784,077	986,468	(202,391)	
Assigned	12,518,185	8,240,845	-	4,981,225	28,971,387	28,781,879	189,508	
Unassigned	-	-	-	-	11,704,234	11,358,971	345,263	
Total	\$ 12,518,185	\$ 8,240,845	\$ -	\$ 13,605,039	\$ 53,759,525	\$ 51,923,612	\$ 1,835,913	

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances shown above. Additional information on the City's fund balances can be found in Note 3 starting on page 88 of this report.

The *General fund* is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund is shown in the table above. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The total unassigned fund balance as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures. Note that the unassigned balance as a percent of 2022 expenditures will show a much higher percent than when compared to 2023 budgeted expenditures.

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Fund Balances			
Nonspendable	\$ 71,772	\$ 17,785	\$ 53,987
Restricted	26,073	19,061	7,012
Committed	278,240	75,587	202,653
Assigned	-	-	-
Unassigned	13,387,712	13,095,958	291,754
	\$ 13,763,797	\$ 13,208,391	\$ 555,406
General Fund expenditures	\$ 27,757,730	\$ 25,116,069	
Unassigned as a percent of 2022 expenditures	48.2%	52.1%	
Total Fund Balance as a percent of 2022 expenditures	49.6%	52.6%	

The fund balance of the City's General fund increased during the current fiscal year as shown in the table above. The increase in fund balance was due to lower-than-expected expenditures and transfers in from other funds.

Other major governmental fund analysis is shown below:

Major Fund	Fund Balances December 31,		Increase (Decrease)
	2022	2021	
Improvement Bonds	\$ 4,075,545	\$ 4,081,852	\$ (6,307)
The Improvement Bonds fund is restricted for the payment of debt service. The change in fund balance is a result of the collection of taxes and assessments and repayment of annual bond payments.			
Closed Bond	\$ 2,090,990	\$ 2,036,687	\$ 54,303
The Closed Bond fund fund balance is assigned for capital improvements. The increase is attributed to transfers in from closed project funds to be used for capital improvement needs.			
Community Center	\$ (1,675,018)	\$ (1,734,210)	\$ 59,192
The Community Center fund balance increased from the prior year, due to unbudgeted miscellaneous revenues received in excess of budget and less than expected capital outlay expenditures.			
American Rescue Plan Act (ARPA)	\$ -	\$ -	\$ -
The ARPA fund was established to account for receipts from the Coronavirus State and Local Fiscal Recovery Fund program of the American Rescue Plan Act. The majority of the funds received in 2021 and 2022 are reported as unearned revenue and will be recognized as expenditures are incurred.			
Local Improvement Construction	\$ 1,140,142	\$ 1,814,146	\$ (674,004)
The Local Improvement Construction fund was established to account for the governmental portion of improvement projects. The decrease is primarily related to planned and completed capital projects.			
Pavement Management	\$ 12,518,185	\$ 10,610,735	\$ 1,907,450
The Pavement Management fund was established to account for the governmental portion of capital projects. The ending fund balance is assigned for capital improvements. In 2022, this fund received multiple transfers from utility funds to cover current and future utility costs related to the City's pavement management efforts.			
Host Community	\$ 8,240,845	\$ 9,390,081	\$ (1,149,236)
The Host Community fund balance decreased primarily due to transfers to other funds to fund projects and other City initiatives.			
Developer Escrow	\$ -	\$ -	\$ -
The Developer Escrow fund was established to account for the developer escrow receipts and related costs. Revenue is recognized in this fund as funds are used for building related costs.			

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the City's proprietary funds increased or (decreased) as follows:

	Ending Net Position 2022	Ending Net Position 2021	Increase/ (Decrease)
Water	\$ 42,820,885	\$ 41,874,123	\$ 946,762
The increase is primarily attributed to the excess of charges for services over related operating costs and the collection of connection fees. The Water fund transferred \$1,125,547 to other funds in 2022.			
Sewer	\$ 25,451,055	\$ 24,075,953	\$ 1,375,102
The increase is primarily attributed to the excess of charges for services over related operating costs and the collection of connection fees. The Sewer fund transferred \$708,803 to other funds in 2022.			
Storm Water Management	\$ 10,942,792	\$ 9,890,298	\$ 1,052,494
The increase is primarily attributed to the collection of connection fees.			
Golf Course	\$ 1,554,460	\$ 1,358,274	\$ 196,186
The increase is primarily attributed to the excess of charges for services over related operating costs.			

General Fund Budgetary Highlights

	Original Budgeted Amounts	Budget Amendments	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 27,829,500	\$ 238,179	\$ 28,067,679	\$ 27,783,611	\$ (284,068)
Expenditures	27,845,300	862,692	28,707,992	27,757,730	950,262
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,800)	(624,513)	(640,313)	25,881	666,194
Other Financing Sources (Uses)					
Transfers in	671,200	-	671,200	872,198	200,998
Leases issued	-	-	-	58,318	58,318
Transfers out	(655,400)	281,300	(374,100)	(400,991)	(26,891)
Total Other Financing Sources (Uses)	15,800	281,300	297,100	529,525	232,425
Net Change in Fund Balances	-	(343,213)	(343,213)	555,406	898,619
Fund Balances, January 1	13,208,391	-	13,208,391	13,208,391	-
Fund Balances, December 31	\$ 13,208,391	\$ (343,213)	\$ 12,865,178	\$ 13,763,797	\$ 898,619

The City's General fund budget was amended during the year as shown above. Budget amendments increased revenue due to elimination of the Recreation Fund budget so those budgets and corresponding revenues, mostly charges for services, were moved to the General Fund. Additional budget amendments increased expenses mostly related to general governmental capital outlay. Actual revenues were over the final budgeted amounts and expenditures were under the final budgeted amounts as shown above.

Other Major Fund Budgetary Highlights

Community Center Special Revenue Fund. Revenues were under budgeted amounts by \$50,917 mainly due to charges for services (with memberships and ice rental accounting for the majority of the variance) which was \$109,148 under budget. Expenditures were under budgeted amounts by \$31,483 mainly due to less spending related capital outlay than budget.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2022, is shown below in the capital asset table (net of accumulated depreciation). This investment in capital assets includes land (tangible and intangible), buildings, improvements, machinery and equipment, park facilities, roads and bridges, and other infrastructure.

Major capital asset events during the current fiscal year included the following:

- The City completed the construction of phase three of Heritage Village Park. Costs for this project were \$3,916,284.
- The City purchased equipment in the amount of \$1,155,159. This includes a Volvo L70H Loader, a Mack Plow Truck and Toro Groundsmaster.
- The City has construction in progress at year-end for both governmental and business-type activities totaling \$34,955,583.
- The City has construction commitments relating to street, water, sanitary sewer, storm water, parks, and building improvements of \$819,626 at year-end.

City of Inver Grove Heights' Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Land	\$ 32,034,539	\$ 32,034,539	\$ -	\$ 4,389,159	\$ 3,985,257	\$ 403,902
Construction in Progress	12,857,184	32,516,418	(19,659,234)	2,439,165	4,061,991	(1,622,826)
Infrastructure	64,493,059	41,243,397	23,249,662	-	-	-
Buildings and Systems	22,204,747	23,609,401	(1,404,654)	63,823,586	62,969,598	853,988
Improvements other than Buildings	3,643,972	3,882,338	(238,366)	286,469	408,558	(122,089)
Machinery and Equipment	5,672,930	5,719,972	(47,042)	294,249	363,875	(69,626)
Machinery and Equipment - Right to Use	224,141	-	224,141	-	-	-
Total	\$ 141,130,572	\$ 139,006,065	\$ 2,124,507	\$ 71,232,628	\$ 71,789,279	\$ (556,651)

*2021 Machinery and Equipment - Right to Use balances have not been restated for the implementation of GASB 87.

Additional information on the City's capital assets can be found in Note 3C starting on page 81 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$37,670,000. All of the City's bonds are backed by the full faith and credit of the City.

State statutes limit the amount of G.O. debt a Minnesota city may issue to 3 percent of total estimated market value. The current debt limitation for the City is \$136,459,443. Only the \$23,235,000 in G.O. bonds is counted within the statutory limitation. The other debt of the City is either wholly or partially financed by revenues other than a general tax levy.

At the end of 2021, the City issued \$2,740,000 in General Obligation Refunding Bonds used to call \$2,900,000 of outstanding principal on the City's 2014B G.O. Refunding Bonds. This call, or payoff, occurred in February 2022 which resulted in a higher-than-normal decrease to the city's business-type G.O. Revenue Bond outstanding debt balances from 2021 to 2022.

City of Inver Grove Heights' Outstanding Debt

Additional information on the City's long-term debt can be found in Note 3E starting on page 83 of this report.

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
G.O. Bonds	\$ 23,235,000	\$ 24,605,000	\$ (1,370,000)	\$ -	\$ -	\$ -
G.O. Special Assessments Bonds	3,995,000	4,640,000	(645,000)	-	-	-
G.O. Revenue Bonds	-	-	-	10,440,000	14,645,000	(4,205,000)
Bond Premium	746,069	808,890	(62,821)	467,593	527,519	(59,926)
Lease Payable	224,958	148,377	76,581	-	-	-
Total	\$ 28,201,027	\$ 30,202,267	\$ (2,001,240)	\$ 10,907,593	\$ 15,172,519	\$ (4,264,926)

Economic Factors and Next Year's Budgets and Rates

- The City's net tax capacity increased by 14.6 percent for taxes payable 2023 which was more than the 4.8 percent growth experienced for taxes payable 2022. Tax capacity on Residential property increased 17.8 percent, Commercial property increased 2.2 percent, and Industrial property increased 12.7 percent. Without new construction the increase in tax capacity would have been 13.5 percent. The City's levy increased \$2,349,409, or 8.4 percent for taxes payable 2023 which resulted in a tax rate decrease of 6.0 percent due to the size of the City's tax capacity growth.
- The 2023 budget reflects an increase in the City's investment towards personnel costs and infrastructure:
 - Other than covering a 3% general wage increase and increased health insurance costs, the City added 5.5 new positions to the budget in 2023: two additional police officers to assist in a commitment to proactive policing, two maintenance workers (one for streets and one for parks), a part-time Communications specialist to assist with marketing and programming for the Community Center, and an EDA specialist position and/or consultant based on future direction provided by the City Council.
 - Additional dollars were budgeted to help pay for seasonal staff in the Streets and Parks Departments to help keep up with increasing workloads.
 - In the Fire Department, the hourly rate for Paid On Call Firefighters was increased and the City continued setting aside a portion of the levy to help lessen future levy impacts from the hiring of 9 new firefighters in 2022.
 - The City increased the Pavement Management levy by \$350,000 to bring the total tax levy investment in the program to \$2.9 million.
- In 2022, the City awarded a contract for the completion of a utility rate study. The goal of the study was to devise a long-range plan for utility rates that allows both operating and infrastructure needs to be met. The study, which focused primarily on water and sewer needs, will officially wrap up in 2023. However, there was sufficient data available to help guide rate decisions for 2023. As part of the study, the City added in a base fee for water and sewer services and then adjusted water tiers in an effort to provide a more equitable system.
- The City will need to undergo additional rate review for its storm water system as this is an area in the City most in need of funding. At present, residents in the Northwest Area of the City have a higher fee rate structure than those residents who reside outside of the Northwest Area. In an effort to bridge some of those disparities within the current storm water fee schedule, the City increased storm water fees by only 5% for Northwest area residents, while increasing the remaining fee schedule by 25%.

- In March 2021 the Federal Government passed the American Rescue Plan Act (ARPA) to help aid in the nation's recovery from the COVID-19 pandemic. As a non-entitlement entity (municipality of less than 50,000 in population), the City received around \$3.9 million from the State for this funding. Half of the funding was received in 2021 with the remaining half received in 2022. The US Department of Treasury continues to release new guidance on allowable spending and the City has until December 31, 2024 to obligate those funds (December 31, 2026 to spend). The City has a number of projects being considered for state bonding and is awaiting those decisions before deciding how to best utilize its ARPA dollars.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Finance Director, City of Inver Grove Heights, 8150 Barbara Avenue, Inver Grove Heights, MN 55077-3412.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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City of Inver Grove Heights, Minnesota
Statement of Net Position
December 31, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 77,945,209	\$ 23,481,869	\$ 101,427,078
Receivables			
Accrued interest	274,734	101,779	376,513
Taxes	1,815,513	-	1,815,513
Accounts	788,061	1,908,836	2,696,897
Special assessments	4,714,062	316,255	5,030,317
Leases	1,277,374		1,277,374
Due from other governments	1,975,378	-	1,975,378
Internal balances	1,638,160	(1,638,160)	-
Inventories	108,488	-	108,488
Prepaid items	238,254	4,193	242,447
Land held for resale	1,138,500	-	1,138,500
Net pension asset	2,827,486	-	2,827,486
Capital assets			
Land and construction in progress	44,891,723	6,828,324	51,720,047
Depreciable assets (net of accumulated depreciation)	96,238,849	64,404,304	160,643,153
Total Assets	<u>235,871,791</u>	<u>95,407,400</u>	<u>331,279,191</u>
Deferred Outflows of Resources			
Deferred charge on refunding	-	116,662	116,662
Deferred other postemployment benefits resources	151,212	17,921	169,133
Deferred pension resources	17,123,748	534,253	17,658,001
Total Deferred Outflows of Resources	<u>17,274,960</u>	<u>668,836</u>	<u>17,943,796</u>
Liabilities			
Accounts and contracts payable	1,354,186	402,817	1,757,003
Escrows payable	3,032,683	-	3,032,683
Accrued salaries payable	233,734	37,308	271,042
Due to other governments	9,176	420,977	430,153
Accrued interest payable	349,600	125,365	474,965
Deposits payable	9,854	71,446	81,300
Unearned revenue	4,218,862	1,182,274	5,401,136
Long-term liabilities			
Due within one year			
Long-term liabilities	3,346,692	932,082	4,278,774
Due in more than one year			
Long-term liabilities	27,637,354	10,292,266	37,929,620
Net pension liability	27,553,269	1,730,564	29,283,833
Other postemployment benefits liability	736,950	87,346	824,296
Total Liabilities	<u>68,482,360</u>	<u>15,282,445</u>	<u>83,764,805</u>
Deferred Inflows of Resources			
Deferred lease resources	1,234,704	-	1,234,704
Deferred pension resources	1,184,645	23,399	1,208,044
Deferred other postemployment benefit resources	10,129	1,200	11,329
Total Deferred Inflows of Resources	<u>2,429,478</u>	<u>24,599</u>	<u>2,454,077</u>
Net Position			
Net investment in capital assets	112,929,545	60,441,697	173,371,242
Restricted for			
Debt service	4,074,672	-	4,074,672
Community development	3,945,464	-	3,945,464
Park improvements	4,076,633	-	4,076,633
Public health	95,240	-	95,240
Public safety	26,073	-	26,073
Fire relief pension	2,309,087	-	2,309,087
Unrestricted	<u>54,778,199</u>	<u>20,327,495</u>	<u>75,105,694</u>
Total Net Position	<u>\$ 182,234,913</u>	<u>\$ 80,769,192</u>	<u>\$ 263,004,105</u>

The notes to the financial statements are an integral part of this statement.

City of Inver Grove Heights, Minnesota
Statement of Activities
For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 4,992,374	\$ 22,797	\$ -	\$ -
Public safety	16,083,846	719,421	1,928,842	-
Public works	8,911,207	4,022,301	1,006,703	2,385,505
Culture and recreation	7,612,774	3,371,762	1,126,603	719,070
Community development	2,062,697	1,698,414	-	-
Interest on long-term debt	798,645	-	-	-
Total Governmental Activities	<u>40,461,543</u>	<u>9,834,695</u>	<u>4,062,148</u>	<u>3,104,575</u>
Business-type Activities				
Water	3,859,391	3,606,552	20,107	1,918,537
Sewer	4,400,611	4,220,841	3,506	1,773,574
Storm water management	686,977	677,140	798	824,766
Golf course	2,159,004	2,394,251	1,397	-
Total Business-type Activities	<u>11,105,983</u>	<u>10,898,784</u>	<u>25,808</u>	<u>4,516,877</u>
Total	<u>\$ 51,567,526</u>	<u>\$ 20,733,479</u>	<u>\$ 4,087,956</u>	<u>\$ 7,621,452</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Tax increments

Lodging taxes

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings (loss)

Gain on sale of capital assets

Transfers - capital assets

Transfers - internal activities

Total General Revenues and Transfers

Change in Net Position

Net Position, January 1

Net Position, December 31

The notes to the financial statements are an integral part of this statement.

Net (Expenses) Revenues and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (4,969,577)	\$ -	\$ (4,969,577)
(13,435,583)	-	(13,435,583)
(1,496,698)	-	(1,496,698)
(2,395,339)	-	(2,395,339)
(364,283)	-	(364,283)
(798,645)	-	(798,645)
<u>(23,460,125)</u>	<u>-</u>	<u>(23,460,125)</u>
-	1,685,805	1,685,805
-	1,597,310	1,597,310
-	815,727	815,727
-	236,644	236,644
<u>-</u>	<u>4,335,486</u>	<u>4,335,486</u>
<u>(23,460,125)</u>	<u>4,335,486</u>	<u>(19,124,639)</u>
25,688,877	-	25,688,877
2,531,343	-	2,531,343
2,567	-	2,567
128,548	-	128,548
1,206,886	-	1,206,886
621,200	-	621,200
(1,066,607)	(574,952)	(1,641,559)
245,535	8,500	254,035
(538,754)	538,754	-
737,244	(737,244)	-
<u>29,556,839</u>	<u>(764,942)</u>	<u>28,791,897</u>
6,096,714	3,570,544	9,667,258
<u>176,138,199</u>	<u>77,198,648</u>	<u>253,336,847</u>
<u>\$ 182,234,913</u>	<u>\$ 80,769,192</u>	<u>\$ 263,004,105</u>

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS
CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

City of Inver Grove Heights, Minnesota

Balance Sheet
Governmental Funds
December 31, 2022

	Debt Service			Special Revenue	
	General	Improvement Bonds	Closed Bond	Community Center	American Rescue Plan Act (ARPA)
Assets					
Cash and temporary investments	\$ 12,037,984	\$ 4,064,185	\$ 2,083,199	\$ 441,877	\$ 3,897,441
Receivables					
Accrued interest	41,538	10,490	7,791	155	-
Taxes	1,809,531	-	-	-	-
Accounts	127,309	-	-	95,315	-
Special assessments	5,609	349,597	736,075	-	-
Leases	1,277,374	-	-	-	-
Due from other governments	549,841	-	-	344,539	-
Advances to other funds	-	-	-	-	-
Prepaid items	29,102	-	-	8,460	-
Land held for resale	-	-	-	-	-
Total Assets	\$ 15,878,288	\$ 4,424,272	\$ 2,827,065	\$ 890,346	\$ 3,897,441
Liabilities					
Accounts and contracts payable	\$ 253,945	\$ -	\$ -	\$ 237,878	\$ -
Escrows payable	-	-	-	-	-
Accrued salaries payable	173,157	-	-	36,965	-
Due to other governments	5,045	-	-	365	-
Due to other funds	-	-	-	161,698	-
Advances from other funds	-	-	-	1,697,431	-
Deposits payable	-	-	-	9,854	-
Unearned revenue	230,889	-	-	80,532	3,897,441
Total Liabilities	663,036	-	-	2,224,723	3,897,441
Deferred Inflows of Resources					
Unavailable revenues - delinquent taxes	211,142	-	-	-	-
Unavailable revenues - special assessments	5,609	348,727	736,075	-	-
Unavailable revenues - intergovernmental	-	-	-	340,641	-
Deferred lease resources	1,234,704	-	-	-	-
Total Deferred Inflows of Resources	1,451,455	348,727	736,075	340,641	-
Fund Balances					
Nonspendable	71,772	-	-	8,460	-
Restricted	26,073	4,075,545	-	-	-
Committed	278,240	-	-	-	-
Assigned	-	-	2,090,990	-	-
Unassigned	13,387,712	-	-	(1,683,478)	-
Total Fund Balances	13,763,797	4,075,545	2,090,990	(1,675,018)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 15,878,288	\$ 4,424,272	\$ 2,827,065	\$ 890,346	\$ 3,897,441

The notes to the financial statements are an integral part of this statement.

Capital Projects

Local Improvement Construction	Pavement Management	Host Community	Developer Escrows	Other Governmental Funds	Total Governmental Funds
\$ 1,348,298	\$ 12,195,004	\$ 6,927,328	\$ 3,114,190	\$ 13,464,747	\$ 59,574,253
6,495	47,236	34,762	-	52,293	200,760
-	-	-	-	5,982	1,815,513
-	275,441	289,996	-	-	788,061
281,906	3,332,875	-	-	8,000	4,714,062
-	-	-	-	-	1,277,374
1,070,998	-	-	-	10,000	1,975,378
-	-	1,000,000	-	-	1,000,000
-	-	-	-	640	38,202
-	-	-	-	1,138,500	1,138,500
<u>\$ 2,707,697</u>	<u>\$ 15,850,556</u>	<u>\$ 8,252,086</u>	<u>\$ 3,114,190</u>	<u>\$ 14,680,162</u>	<u>\$ 72,522,103</u>
\$ 214,685	\$ 315,193	\$ 7,500	\$ 81,507	\$ 56,779	\$ 1,167,487
-	-	-	3,032,683	-	3,032,683
-	-	-	-	344	210,466
-	-	3,741	-	-	9,151
-	-	-	-	-	161,698
-	-	-	-	1,000,000	2,697,431
-	-	-	-	-	9,854
-	-	-	-	10,000	4,218,862
<u>214,685</u>	<u>315,193</u>	<u>11,241</u>	<u>3,114,190</u>	<u>1,067,123</u>	<u>11,507,632</u>
-	-	-	-	-	211,142
281,872	3,017,178	-	-	8,000	4,397,461
1,070,998	-	-	-	-	1,411,639
-	-	-	-	-	1,234,704
<u>1,352,870</u>	<u>3,017,178</u>	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>7,254,946</u>
-	-	-	-	640	80,872
-	-	-	-	8,117,337	12,218,955
-	-	-	-	505,837	784,077
1,140,142	12,518,185	8,240,845	-	4,981,225	28,971,387
-	-	-	-	-	11,704,234
<u>1,140,142</u>	<u>12,518,185</u>	<u>8,240,845</u>	<u>-</u>	<u>13,605,039</u>	<u>53,759,525</u>
<u>\$ 2,707,697</u>	<u>\$ 15,850,556</u>	<u>\$ 8,252,086</u>	<u>\$ 3,114,190</u>	<u>\$ 14,680,162</u>	<u>\$ 72,522,103</u>

The notes to the financial statements are an integral part of this statement.

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City of Inver Grove Heights, Minnesota
 Reconciliation of the Balance Sheet
 to the Statement of Net Position
 Governmental Funds
 December 31, 2022

Amounts reported for the governmental activities in the statement of net position are different because

Total Fund Balances - Governmental Funds	\$ 53,759,525
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	2,827,486
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	201,165,313
Less: accumulated depreciation/amortization	(76,897,242)
Internal service funds are used by the City to charge the cost of compensated absences, liability, property, and workers compensation insurance, vehicles and equipment, centralized purchase of consumable office supplies, maintaining facilities, and maintenance of computer systems. These balances are reported with governmental activities on the statement of net position.	35,686,393
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Noncurrent liabilities at year-end consist of	
Bonds payable	(27,230,000)
Plus premium on bonds issued	(746,069)
Lease payable	(224,958)
Other postemployment benefits payable	(736,950)
Net pension liability	(26,936,807)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Delinquent taxes	211,142
Special assessments	4,397,461
Intergovernmental	1,411,639
Governmental funds do not report long-term amounts related to pensions and OPEB.	
Deferred outflows other postemployment benefit resources	151,212
Deferred inflows other postemployment benefit resources	(10,129)
Deferred outflows of pension resources	16,932,778
Deferred inflows of pension resources	(1,176,281)
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(349,600)</u>
Total Net Position - Governmental Activities	<u><u>\$ 182,234,913</u></u>

The notes to the financial statements are an integral part of this statement.

City of Inver Grove Heights, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General	Debt Service		Special Revenue	
		Improvement Bonds	Closed Bond	Community Center	American Rescue Plan Act (ARPA)
Revenues					
Taxes	\$ 23,092,923	\$ 2,531,343	\$ -	\$ -	\$ -
Licenses and permits	1,820,192	-	-	-	-
Intergovernmental	1,833,248	3,649	-	-	-
Charges for services	842,877	-	-	2,240,052	-
Fines and forfeitures	193,985	-	-	-	-
Special assessments	33,212	140,589	-	-	-
Investment earnings (loss)	(189,568)	(59,224)	288,193	(859)	-
Miscellaneous	156,742	-	-	462,690	-
Total Revenues	27,783,611	2,616,357	288,193	2,701,883	-
Expenditures					
Current					
General government	3,998,983	-	-	-	-
Public safety	14,304,470	-	-	-	-
Public works	4,510,459	-	-	-	-
Culture and recreation	2,782,861	-	-	3,718,185	-
Community development	1,907,493	-	-	-	-
Capital outlay					
General government	-	-	-	-	-
Public safety	92,435	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	1,161,832	-
Debt service					
Principal	149,308	2,015,000	-	-	-
Interest and other charges	11,721	875,017	-	-	-
Total Expenditures	27,757,730	2,890,017	-	4,880,017	-
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	25,881	(273,660)	288,193	(2,178,134)	-
Other Financing Sources (Uses)					
Transfers in	872,198	373,334	-	2,237,326	-
Lease issued	58,318	-	-	-	-
Transfers out	(400,991)	(105,981)	(233,890)	-	-
Total Other Financing Sources (Uses)	529,525	267,353	(233,890)	2,237,326	-
Net Change in Fund Balances	555,406	(6,307)	54,303	59,192	-
Fund Balances, January 1	13,208,391	4,081,852	2,036,687	(1,734,210)	-
Fund Balances, December 31	\$ 13,763,797	\$ 4,075,545	\$ 2,090,990	\$ (1,675,018)	\$ -

The notes to the financial statements are an integral part of this statement.

Capital Projects

Local Improvement Construction	Pavement Management	Host Community	Developer Escrows	Other Governmental Funds	Total Governmental Funds
\$ 79,990	\$ 3,656,564	\$ -	\$ -	\$ 131,115	\$ 29,491,935
-	-	-	-	-	1,820,192
425,298	592,748	-	-	426,625	3,281,568
-	855	3,076,661	663,498	1,001,980	7,825,923
-	-	-	-	-	193,985
10,130	1,659,845	-	-	-	1,843,776
(28,574)	(264,815)	(195,502)	-	(296,923)	(747,272)
398,640	14,000	-	-	140,372	1,172,444
<u>885,484</u>	<u>5,659,197</u>	<u>2,881,159</u>	<u>663,498</u>	<u>1,403,169</u>	<u>44,882,551</u>
-	-	-	-	-	3,998,983
-	-	32,098	-	-	14,336,568
191,302	109,566	150,626	663,498	50,105	5,675,556
-	-	41,000	-	146,128	6,688,174
-	-	24,762	-	41,173	1,973,428
-	-	57,964	-	-	57,964
6,466	-	-	-	-	98,901
1,631,988	4,648,679	-	-	27,552	6,308,219
(8,132)	-	-	-	417,076	1,570,776
-	-	-	-	-	2,164,308
-	-	-	-	-	886,738
<u>1,821,624</u>	<u>4,758,245</u>	<u>306,450</u>	<u>663,498</u>	<u>682,034</u>	<u>43,759,615</u>
<u>(936,140)</u>	<u>900,952</u>	<u>2,574,709</u>	<u>-</u>	<u>721,135</u>	<u>1,122,936</u>
1,600,589	1,450,888	42,191	-	1,044,185	7,620,711
-	-	-	-	-	58,318
<u>(1,338,453)</u>	<u>(444,390)</u>	<u>(3,766,136)</u>	<u>-</u>	<u>(676,211)</u>	<u>(6,966,052)</u>
<u>262,136</u>	<u>1,006,498</u>	<u>(3,723,945)</u>	<u>-</u>	<u>367,974</u>	<u>712,977</u>
(674,004)	1,907,450	(1,149,236)	-	1,089,109	1,835,913
<u>1,814,146</u>	<u>10,610,735</u>	<u>9,390,081</u>	<u>-</u>	<u>12,515,930</u>	<u>51,923,612</u>
<u>\$ 1,140,142</u>	<u>\$ 12,518,185</u>	<u>\$ 8,240,845</u>	<u>\$ -</u>	<u>\$ 13,605,039</u>	<u>\$ 53,759,525</u>

The notes to the financial statements are an integral part of this statement.

City of Inver Grove Heights, Minnesota
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2022

Amounts reported for governmental activities in the statement of activities are different because

Total Net Change in Fund Balances - Governmental Funds	\$ 1,835,913
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>	
Capital outlays and lease right to use outlay	6,763,964
Depreciation/Amortization expense	(3,661,498)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.</p>	
Capital assets transferred to enterprise funds	(538,754)
<p>Governmental funds report a gain (loss) on sale of capital assets to the extent of cash exchanged, whereas the disposition of the assets book value is included in the total gain (loss) in the statement of activities.</p>	
Disposals	(200,162)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.</p>	
Principal repayments	2,164,308
Debt issued	(58,318)
Current year amortization of bond premium	62,821
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	25,272
<p>Internal service funds are used by the City to charge the cost of compensated absences, liability, property, and workers compensation insurance, vehicles and equipment, centralized purchase of consumable office supplies, maintaining facilities, and maintenance of computer systems. These balances are reported with governmental activities in the statement of activities.</p>	
	(55,872)
<p>Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Special assessments	103,069
Property taxes	66,286
Intergovernmental	674,188
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>	
Other postemployment benefits	(1,804)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	(1,319,553)
Pension revenue from State contributions	236,854
	236,854
Change in Net Position - Governmental Activities	\$ 6,096,714

The notes to the financial statements are an integral part of this statement.

City of Inver Grove Heights, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 23,098,570	\$ 23,098,570	\$ 23,092,923	\$ (5,647)
Licenses and permits	1,677,440	1,677,440	1,820,192	142,752
Intergovernmental	2,011,090	2,021,469	1,833,248	(188,221)
Charges for services	690,700	898,600	842,877	(55,723)
Fines and forfeitures	180,000	180,000	193,985	13,985
Special assessments	1,500	1,500	33,212	31,712
Investment earnings (loss)	145,000	147,500	(189,568)	(337,068)
Miscellaneous	25,200	42,600	156,742	114,142
Total Revenues	<u>27,829,500</u>	<u>28,067,679</u>	<u>27,783,611</u>	<u>(284,068)</u>
Expenditures				
Current				
General government	4,043,010	4,094,010	3,998,983	95,027
Public safety	14,808,085	15,086,977	14,304,470	782,507
Public works	4,682,555	4,682,555	4,510,459	172,096
Culture and recreation	2,161,700	2,767,500	2,782,861	(15,361)
Community development	2,062,170	1,917,170	1,907,493	9,677
Capital outlay				
Public safety	87,780	159,780	92,435	67,345
Debt service				
Principal	-	-	149,308	(149,308)
Interest and other charges	-	-	11,721	(11,721)
Total Expenditures	<u>27,845,300</u>	<u>28,707,992</u>	<u>27,757,730</u>	<u>950,262</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,800)</u>	<u>(640,313)</u>	<u>25,881</u>	<u>666,194</u>
Other Financing Sources (Uses)				
Transfers in	671,200	671,200	872,198	200,998
Lease issued	-	-	58,318	58,318
Transfers out	(655,400)	(374,100)	(400,991)	(26,891)
Total Financing Sources (Uses)	<u>15,800</u>	<u>297,100</u>	<u>529,525</u>	<u>232,425</u>
Net Change in Fund Balances	-	(343,213)	555,406	898,619
Fund Balances, January 1	<u>13,208,391</u>	<u>13,208,391</u>	<u>13,208,391</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 13,208,391</u>	<u>\$ 12,865,178</u>	<u>\$ 13,763,797</u>	<u>\$ 898,619</u>

The notes to the financial statements are an integral part of this statement.

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City of Inver Grove Heights, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Community Center Special Revenue Fund
For the Year Ended December 31, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 2,349,200	\$ 2,349,200	\$ 2,240,052	\$ (109,148)
Investment earnings (loss)	-	-	(859)	(859)
Miscellaneous	403,600	403,600	462,690	59,090
Total Revenues	<u>2,752,800</u>	<u>2,752,800</u>	<u>2,701,883</u>	<u>(50,917)</u>
Expenditures				
Current				
Culture and recreation	3,572,600	3,572,600	3,718,185	(145,585)
Capital outlay				
Culture and recreation	1,310,200	1,338,900	1,161,832	177,068
Total Expenditures	<u>4,882,800</u>	<u>4,911,500</u>	<u>4,880,017</u>	<u>31,483</u>
Deficiency of Revenues Under Expenditures	(2,130,000)	(2,158,700)	(2,178,134)	(19,434)
Other Financing Sources				
Transfers in	<u>2,130,000</u>	<u>2,158,700</u>	<u>2,237,326</u>	<u>78,626</u>
Net Change in Fund Balances	-	-	59,192	59,192
Fund Balances, January 1	<u>(1,734,210)</u>	<u>(1,734,210)</u>	<u>(1,734,210)</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ (1,734,210)</u></u>	<u><u>\$ (1,734,210)</u></u>	<u><u>\$ (1,675,018)</u></u>	<u><u>\$ 59,192</u></u>

The notes to the financial statements are an integral part of this statement.

City of Inver Grove Heights, Minnesota
Statement of Net Position (Continued on the Following Page)
Proprietary Funds
December 31, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities -
	Water	Sewer	Storm Water Management	Golf Course	Total	Internal Service Funds
Assets						
Current Assets						
Cash and temporary investments	\$ 12,895,622	\$ 6,332,645	\$ 2,280,061	\$ 1,973,541	\$ 23,481,869	\$ 18,370,956
Receivables						
Accrued interest	51,435	32,411	9,163	8,770	101,779	73,974
Accounts	876,906	783,829	247,796	305	1,908,836	-
Special assessments	15,283	138,151	162,821	-	316,255	-
Due from other funds	-	-	-	-	-	243,606
Inventories	-	-	-	-	-	108,488
Prepaid items	-	-	-	4,193	4,193	200,052
Total Current Assets	<u>13,839,246</u>	<u>7,287,036</u>	<u>2,699,841</u>	<u>1,986,809</u>	<u>25,812,932</u>	<u>18,997,076</u>
Long-term Assets						
Advance to other funds	-	-	-	-	-	3,253,683
Capital assets						
Land	583,598	768,102	1,175,104	1,862,355	4,389,159	209,122
Construction in progress	44,585	1,443,396	951,184	-	2,439,165	-
Buildings and systems	52,555,537	43,741,186	23,461,984	920,412	120,679,119	17,409,502
Improvements other than buildings	98,108	39,924	-	4,501,427	4,639,459	240,717
Machinery and equipment	391,572	9,585	-	1,007,824	1,408,981	15,745,332
Total Capital Assets	<u>53,673,400</u>	<u>46,002,193</u>	<u>25,588,272</u>	<u>8,292,018</u>	<u>133,555,883</u>	<u>33,604,673</u>
Less accumulated depreciation	<u>(23,726,194)</u>	<u>(16,023,137)</u>	<u>(16,704,000)</u>	<u>(5,869,924)</u>	<u>(62,323,255)</u>	<u>(16,742,172)</u>
Net Capital Assets	<u>29,947,206</u>	<u>29,979,056</u>	<u>8,884,272</u>	<u>2,422,094</u>	<u>71,232,628</u>	<u>16,862,501</u>
Total Long-term Assets	<u>29,947,206</u>	<u>29,979,056</u>	<u>8,884,272</u>	<u>2,422,094</u>	<u>71,232,628</u>	<u>20,116,184</u>
Total Assets	<u>43,786,452</u>	<u>37,266,092</u>	<u>11,584,113</u>	<u>4,408,903</u>	<u>97,045,560</u>	<u>39,113,260</u>
Deferred Outflows of Resources						
Deferred charge on refunding	-	116,662	-	-	116,662	-
Deferred other postemployment benefits resources	6,457	4,009	-	7,455	17,921	-
Deferred pension resources	156,857	256,603	58,432	62,361	534,253	190,970
Total Deferred Outflows of Resources	<u>163,314</u>	<u>377,274</u>	<u>58,432</u>	<u>69,816</u>	<u>668,836</u>	<u>190,970</u>

The notes to the financial statements are an integral part of this statement.

City of Inver Grove Heights, Minnesota
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities -
	Water	Sewer	Storm Water Management	Golf Course	Total	Internal Service Funds
Liabilities						
Current Liabilities						
Accounts and contracts payable	\$ 32,978	\$ 10,367	\$ 331,358	\$ 28,114	\$ 402,817	\$ 186,699
Accrued salaries payable	15,957	7,802	1,697	11,852	37,308	23,268
Due to other governments	281,881	125,021	12,189	1,886	420,977	25
Due to other funds	-	-	-	81,908	81,908	-
Accrued interest payable	-	125,365	-	-	125,365	-
Deposits payable	-	-	-	71,446	71,446	-
Unearned revenue	152,430	377,358	162,821	489,665	1,182,274	-
Compensated absences payable - current portion	42,262	25,010	6,998	59,345	133,615	1,221,150
Bonds payable - current portion	-	798,467	-	-	798,467	-
Total Current Liabilities	<u>525,508</u>	<u>1,469,390</u>	<u>515,063</u>	<u>744,216</u>	<u>3,254,177</u>	<u>1,431,142</u>
Long-term Liabilities						
Compensated absences payable	52,734	22,800	-	107,606	183,140	1,561,869
Advance from other funds	-	-	-	1,556,252	1,556,252	-
Bonds payable	-	10,109,126	-	-	10,109,126	-
Net pension liability	511,867	559,947	182,131	476,619	1,730,564	616,462
Other postemployment benefits payable	31,471	19,540	-	36,335	87,346	-
Total Long-term Liabilities	<u>596,072</u>	<u>10,711,413</u>	<u>182,131</u>	<u>2,176,812</u>	<u>13,666,428</u>	<u>2,178,331</u>
Total Liabilities	<u>1,121,580</u>	<u>12,180,803</u>	<u>697,194</u>	<u>2,921,028</u>	<u>16,920,605</u>	<u>3,609,473</u>
Deferred Inflows of Resources						
Deferred pension resources	6,870	11,239	2,559	2,731	23,399	8,364
Deferred other postemployment benefit resources	431	269	-	500	1,200	-
Total Deferred Inflows of Resources	<u>7,301</u>	<u>11,508</u>	<u>2,559</u>	<u>3,231</u>	<u>24,599</u>	<u>8,364</u>
Net Position						
Net investment in capital assets	29,947,206	19,188,125	8,884,272	2,422,094	60,441,697	16,862,501
Unrestricted	<u>12,873,679</u>	<u>6,262,930</u>	<u>2,058,520</u>	<u>(867,634)</u>	<u>20,327,495</u>	<u>18,823,892</u>
Total Net Position	<u>\$ 42,820,885</u>	<u>\$ 25,451,055</u>	<u>\$ 10,942,792</u>	<u>\$ 1,554,460</u>	<u>\$ 80,769,192</u>	<u>\$ 35,686,393</u>

The notes to the financial statements are an integral part of this statement.

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City of Inver Grove Heights, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities -
	Water	Sewer	Storm Water Management	Golf Course	Total	Internal Service Funds
Operating Revenues						
Charges for services						
Water sales	\$ 3,505,058	\$ -	\$ -	\$ -	\$ 3,505,058	\$ -
Sewer charges	-	4,220,841	-	-	4,220,841	-
Storm Water charges	-	-	677,140	-	677,140	-
Late fees	52,241	-	-	-	52,241	-
Water meter sales	49,253	-	-	-	49,253	-
Foot golf	-	-	-	984	984	-
Green fees	-	-	-	801,558	801,558	-
Golf cart rentals	-	-	-	517,825	517,825	-
Practice center	-	-	-	209,312	209,312	-
Golf shop	-	-	-	85,790	85,790	-
Food and beverage	-	-	-	238,645	238,645	-
Other	-	-	-	540,377	540,377	5,457,895
Total Operating Revenues	3,606,552	4,220,841	677,140	2,394,491	10,899,024	5,457,895
Operating Expenses						
Personnel services	687,971	552,753	280,914	1,251,519	2,773,157	1,220,416
Other current expenses	2,171,708	2,774,312	170,689	687,753	5,804,462	3,124,268
Depreciation	998,866	787,496	235,374	219,732	2,241,468	1,648,487
Total Operating Expenses	3,858,545	4,114,561	686,977	2,159,004	10,819,087	5,993,171
Operating Income (Loss)	(251,993)	106,280	(9,837)	235,487	79,937	(535,276)
Nonoperating Revenues (Expenses)						
Investment earnings (loss)	(291,786)	(184,005)	(50,203)	(48,958)	(574,952)	(319,335)
Miscellaneous revenues	20,107	3,506	798	1,157	25,568	470,619
Gain on sale of capital assets	-	-	-	8,500	8,500	245,535
Interest and amortization expense	(846)	(286,050)	-	-	(286,896)	-
Total Nonoperating Revenues (Expenses)	(272,525)	(466,549)	(49,405)	(39,301)	(827,780)	396,819
Income (Loss) Before Contributions and Transfers	(524,518)	(360,269)	(59,242)	196,186	(747,843)	(138,457)
Capital Contributions	1,918,537	1,773,574	824,766	-	4,516,877	-
Capital Contributions from Other Funds	205,605	-	333,149	-	538,754	-
Transfers In	472,685	670,600	118,389	-	1,261,674	250,218
Transfers Out	(1,125,547)	(708,803)	(164,568)	-	(1,998,918)	(167,633)
Change in Net Position	946,762	1,375,102	1,052,494	196,186	3,570,544	(55,872)
Net Position - January 1	41,874,123	24,075,953	9,890,298	1,358,274	77,198,648	35,742,265
Net Position, December 31	\$ 42,820,885	\$ 25,451,055	\$ 10,942,792	\$ 1,554,460	\$ 80,769,192	\$ 35,686,393

The notes to the financial statements are an integral part of this statement.

City of Inver Grove Heights, Minnesota
Statement of Cash Flows (Continued on the Following Page)
Proprietary Funds
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds					Governmental
	Water	Sewer	Storm	Golf Course	Total	Activities -
			Water			Internal
			Management			Service Funds
Cash Flows from Operating Activities						
Receipts from customers and users	\$ 3,715,861	\$ 4,462,653	\$ 651,024	\$ 1,896,395	\$ 10,725,933	\$ 5,457,895
Other operating receipts	20,107	3,506	798	1,157	25,568	468,010
Payments to suppliers	(2,109,080)	(2,741,538)	(164,344)	(660,345)	(5,675,307)	(3,198,752)
Payments to employees	(699,077)	(438,063)	(147,730)	(1,174,370)	(2,459,240)	(994,500)
Net Cash Provided by Operating Activities	<u>927,811</u>	<u>1,286,558</u>	<u>339,748</u>	<u>62,837</u>	<u>2,616,954</u>	<u>1,732,653</u>
Cash Flows from Noncapital Financing Activities						
Payments on interfund balances	-	-	-	(81,908)	(81,908)	267,097
Transfers from other funds	472,685	670,600	118,389	-	1,261,674	902,518
Transfers to other funds	(1,125,547)	(708,803)	(164,568)	-	(1,998,918)	(819,933)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(652,862)</u>	<u>(38,203)</u>	<u>(46,179)</u>	<u>(81,908)</u>	<u>(819,152)</u>	<u>349,682</u>
Cash Flows from Capital and Related Financing Activities						
Connection fees received	1,597,476	1,637,056	824,766	-	4,059,298	-
Acquisition of capital assets	(9,697)	(303,266)	(498,793)	(27,737)	(839,493)	(996,338)
Proceeds from sale of capital assets	-	-	-	8,500	8,500	-
Payment from escrow agent for refunded bonds	-	(2,900,000)	-	-	(2,900,000)	-
Interest paid on debt	(6,800)	(336,568)	-	-	(343,368)	-
Principal paid on bonds	(409,088)	(895,912)	-	-	(1,305,000)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>1,171,891</u>	<u>(2,798,690)</u>	<u>325,973</u>	<u>(19,237)</u>	<u>(1,320,063)</u>	<u>(996,338)</u>
Cash Flows from Investing Activities						
Investment receipts (loss)	(301,530)	(190,748)	(49,514)	(49,482)	(591,274)	(329,207)
Net Increase (Decrease) in Cash and Cash Equivalents	1,145,310	(1,741,083)	570,028	(87,790)	(113,535)	756,790
Cash and Cash Equivalents, January 1	<u>11,750,312</u>	<u>8,073,728</u>	<u>1,710,033</u>	<u>2,061,331</u>	<u>23,595,404</u>	<u>17,614,166</u>
Cash and Cash Equivalents, December 31	<u>\$ 12,895,622</u>	<u>\$ 6,332,645</u>	<u>\$ 2,280,061</u>	<u>\$ 1,973,541</u>	<u>\$ 23,481,869</u>	<u>\$ 18,370,956</u>

The notes to the financial statements are an integral part of this statement.

City of Inver Grove Heights, Minnesota
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds					Governmental
	Water	Sewer	Storm Water Management	Golf Course	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities						
Operating income (loss)	\$ (251,993)	\$ 106,280	\$ (9,837)	\$ 235,487	\$ 79,937	\$ (535,276)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation	998,866	787,496	235,374	219,732	2,241,468	1,648,487
Other income related to operations	20,107	3,506	798	1,157	25,568	470,619
(Increase) decrease in assets/deferred outflows of resources						
Accounts receivable	109,309	105,294	(26,116)	572	189,059	-
Inventories	-	-	-	2,985	2,985	(44,623)
Prepaid items	1,160	-	10	3,507	4,677	(42,943)
Deferred other postemployment benefits resources	(72)	(129)	-	(167)	(368)	-
Deferred pension resources	38,959	(140,773)	(58,432)	193,691	33,445	(4,644)
Increase (decrease) in liabilities/deferred inflows of resources						
Accounts and contracts payable	(117,858)	(335)	1,477	20,292	(96,424)	14,361
Accrued salaries payable	(830)	(254)	(72)	(249)	(1,405)	11,218
Due to other governments	179,326	33,109	4,858	624	217,917	(1,279)
Deposits payable	-	-	-	10,540	10,540	-
Unearned revenue	-	136,518	-	(509,208)	(372,690)	-
Compensated absences payable	(39,853)	(2,666)	6,998	92,681	57,160	91,390
Net pension liability	228,581	391,525	182,131	108,019	910,256	347,778
Other postemployment benefits payable	(2,230)	(940)	-	(2,135)	(5,305)	-
Deferred pension resources	(235,527)	(131,999)	2,559	(314,546)	(679,513)	(222,435)
Deferred other postemployment benefits resources	(134)	(74)	-	(145)	(353)	-
Net Cash Provided by Operating Activities	\$ 927,811	\$ 1,286,558	\$ 339,748	\$ 62,837	\$ 2,616,954	\$ 1,732,653
Schedule of Noncash Capital and Related Financing Activities						
Capital assets acquired on account	\$ -	\$ -	\$ 306,570	\$ -	\$ 306,570	\$ -
Capital assets contributed from governmental activities	\$ 205,605	\$ -	\$ 333,149	\$ -	\$ 538,754	\$ -
Amortization of bond premium	\$ 2,371	\$ 57,555	\$ -	\$ -	\$ 59,926	\$ -
Amortization of deferred charges on refunding	\$ -	\$ 19,177	\$ -	\$ -	\$ 19,177	\$ -
Book value of assets disposed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (97,158)

The notes to the financial statements are an integral part of this statement.

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City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Inver Grove Heights (the City) was incorporated in 1965 and operates under the State of Minnesota Statutory Plan A form of government. The governing body consists of a five-member City Council elected by voters of the City. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City.

The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The City includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of their operational or financial relationships with the City. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. Included in the City's reporting entity, based upon the application of these criteria, is the following blended component unit.

Blended Component Unit

The Inver Grove Heights Economic Development Authority (EDA) is a legal entity separate from the City. Although legally separate, the EDA is reported as if it were part of the primary government because the Board of Commissioners is made up of the Mayor and the four City Council members and the City has operational responsibility over the EDA. It is this criterion that results in the EDA being reported as a blended component unit and reported as a special revenue fund. Separate financial statements are not prepared for the EDA.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using *the current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pensions, and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

The *General fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Improvement Bonds fund* is a debt service fund that accounts for resources accumulated and payments for principal and interest on long term general obligation debt.

The *Closed Bond fund* accounts for improvement revenues and expenditures from replacement funds set aside for capital improvements.

The *Community Center fund* accounts for the activities at the Veterans Memorial and the Grove Community Center. Charges for services within the fund are committed to Community Center activity.

The *American Rescue Plan Act fund* accounts for the resources received and spending related to the Coronavirus State and Local Fiscal Recovery Grant Program.

The *Local Improvement Construction fund* accounts for the activities related to the construction projects within the City.

The *Pavement Management fund* accounts for the activities related to the costs to improve and maintain roads within the City.

The *Host Community fund* accounts for the activities related to the economic development grant program.

The *Developer Escrows fund* accounts for the activities related to the collection and use of developer and building related escrow accounts.

The City reports the following major proprietary funds:

The *Water fund, Sewer fund and Storm Water Management fund* account for activities related to the operation of a water distribution system, sanitary sewer collection system and storm water system, respectively.

The *Golf Course fund* accounts for resources and payments related to the operation and maintenance of a municipal golf course.

Additionally, the City reports the following fund types:

Internal service funds account for compensated absences, risk management, central equipment, central stores, city facilities and technology services provided to other departments or agencies of the City. Internal service funds operate in a manner similar to enterprise funds; however, they provide services primarily to other departments within the City.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are payments in-lieu of taxes, payments where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the Statement of Cash Flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The City may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See the investment note disclosure on page 79 for a detailed listing of the City's fair value measurements.

Property Taxes

Property taxes are submitted to the County Auditor by December 28 of each year, to be levied on January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment due on October 15.

Unpaid taxes at December 31 become liens on the respective property and are classified in the fund financial statements as delinquent taxes receivable.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for taxes not received within 60 days after year end in the governmental fund financial statements.

Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as a bond indenture. Restricted assets are reported as restricted cash.

Accounts Receivable

Accounts receivable include amounts billed for services, such as water, sewer, storm water and nuisance charges, provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2022. The City annually certifies delinquent water, sewer, storm water and nuisance accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

All trade (utility) and property tax receivables are shown at gross amount, since both taxes and trade (utility) receivables are assessable to the property taxes and are collectible upon the sale of the assessed property.

Due From Other Governments

The amounts due from other governments primarily include amounts for current taxes and project cost in which the City is receiving grants to support the projects.

Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

Lease Receivable

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

Land Held for Resale

Land was acquired by the EDA for subsequent resale for redevelopment purposes. Land held for resale is an asset recorded at the lower of cost or realizable value in the fund that acquired it.

Capital Assets

A capital asset is defined as a financial resource that is tangible or intangible in nature, complete in and of itself, and is not a component of another. Capital assets, which include property, easements, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value on the date of acquisition. Infrastructure assets acquired prior to the fiscal year ended December 31, 1979 are not reported. Right to use assets are valued at the estimated present value of the related lease liabilities.

Intangible assets prior to 2010 were capitalized and bundled with the infrastructure/land purchases and have been determined to have an indefinite life and therefore have not been broken out from the assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives of assets are not capitalized.

Property, plant and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Life in Years
Buildings and Structures	20 to 50
Equipment and Machinery	3 to 20
Distribution and Collection Systems	50
Streets and Infrastructure	25

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items which qualify for reporting in this category. Accordingly, the items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position. These items result from actuarial calculations and current year pension contributions and OPEB contributions made subsequent to the measurement dates. The third item, deferred charge on refunding results in the loss on a bond refunding recognized over shorter of the life of the refunded bond or the refunding bond.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick leave and personal leave benefits. There is an estimated liability for unpaid accumulated sick and personal leave that will be taken as severance upon retirement. All vacation and estimated retirement severance are accrued when incurred in government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General fund is typically used to liquidate governmental compensated absences payable.

Other Postemployment Benefits

Under Minnesota statute 471.61, subdivision 2b, public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees are able to add dependent coverage during open enrollment period or qualifying life event prior to retirement. All premiums are funded on a pay-as-you-go basis. The liability was determined, in accordance with GASB Statement No. 75, at January 1, 2022. The General fund is typically used to liquidate governmental other postemployment benefits payable.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. The recognition of bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred. In accordance with federal regulations, the City's general obligation tax exempt bonds follow the arbitrage requirements.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General fund is typically used to liquidate governmental pension liabilities.

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan administered by Inver Grove Heights' Fire Relief Association and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. Investments are reported at fair value.

The total pension expense for the General Employees Plan (GERP), Police and Fire Plan (PEPFP), Defined Contribution Plan (DCP) and Fire Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA)			Fire Relief Association	Total All Plans
	GERP	PEPFP	DCP		
City's Proportionate Share	\$ 1,627,068	\$ 2,284,333	\$ 570	\$ (371,042)	\$ 3,540,929
Proportionate Share of State's Contribution	44,088	162,913	-	-	207,001
	<u>\$ 1,671,156</u>	<u>\$ 2,447,246</u>	<u>\$ 570</u>	<u>\$ (371,042)</u>	<u>\$ 3,747,930</u>

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items, which arise only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, one of the items, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: delinquent taxes, special assessments and intergovernmental. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Furthermore, the City has additional items which qualify for reporting in this category on the statement of net position. The items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position and results from actuarial calculations involving net differences between projected and actual earnings on plan investments and changes in proportions.

The City also reports deferred lease resources both in the governmental fund financial statements and the statement of net position.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consists of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

Assigned - These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Pursuant to the Fund Balance Policy approved by City Council, the City Administrator has been delegated the authority to assign and remove assignments of fund balance amounts for specific purposes.

Unassigned - These are residual amounts in the General fund not reported in any other classification. The General fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted and committed fund balances exceed the total net resources of that fund.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has formally adopted a fund balance policy for the General fund. The City will strive to maintain a minimum General fund unassigned fund balance of 40 to 45 percent of next year's budgeted expenditures.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles), as applied to governmental units by the Government Accounting Standards Board (GASB). An annual appropriated budget is adopted for the General fund as well as for the Convention and Visitors Bureau, Recreation, Community Center and Economic Development Authority special revenue funds.

Budgeted amounts are reported as originally adopted, as well as amended by the City Council. General fund budgeted revenues were amended to increase revenues by \$238,179. General fund budget amendments increased expenditures \$862,392 and transfers out decreased \$281,300. Individual amendments were not material in relation to the original appropriations which were adjusted. Budgeted expenditure appropriations lapse at year-end. Any unencumbered appropriations that need to be carried forward to the next year must be reappropriated by the City Council from the fund balance.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General fund. Encumbrances outstanding at year-end expire and outstanding purchase orders are cancelled and not reported in the financial statements. Therefore, there are no outstanding encumbrances at year end.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public meetings are conducted to obtain taxpayer comments.
3. The General fund budget is legally enacted through passage of a resolution on a departmental basis and can be expended by each department based upon detailed budget estimates for that department. The Convention and Visitors Bureau, Recreation, Community Center and Economic Development Authority special revenue fund budgets are legally enacted through passage of resolutions for each fund as a whole.
4. The City Administrator is authorized to transfer appropriations within a fund's budget. Additional fund appropriations and deletions are or may be authorized by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General fund.
6. Legal debt obligation indentures determine the appropriation level and debt service tax levies for the Debt Service funds. Supplementary budgets are adopted for the Proprietary funds to determine and calculate user charges. These debt service and budget amounts represent general obligation bond indenture provisions and net income for operation and capital maintenance and are not reflected in the financial statements.
7. A capital improvement program is reviewed annually by the City Council for the Capital Project funds. However, appropriations for major projects are not adopted until the actual bid award of the improvement. The appropriations are not reflected in the financial statements.
8. Expenditures may not legally exceed budgeted appropriations at the total fund level. Monitoring of budgets is maintained at the expenditure category level (i.e., personnel services; other current; capital outlay) within each activity.
9. The City Council may authorize transfers of budgeted amounts between City funds.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 2: Stewardship, Compliance and Accountability (Continued)

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2022 expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Nonmajor			
Convention and Visitors Bureau	\$ 132,650	\$ 146,128	\$ 13,478

The excess expenditures were funded by available fund balance.

C. Deficit Fund Equity

The following fund had a fund equity deficit at December 31, 2022:

Fund	Amount
Major	
Community Center	\$ 1,675,018

The fund deficits are expected to be eliminated with future fund revenues or transfers from other funds.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City’s deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the City Council, the City maintains deposits at depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated “A” or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated “AA” or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank’s public debt is rated “AA” or better by Moody’s Investors Service, Inc., or Standard & Poor’s Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the government entity.

At December 31, 2022, the City’s carrying amount of deposits, bank balance, FDIC coverage and pledged collateral are shown in the chart below.

Carrying Amount of Deposits	\$ 2,375,038
Bank Balance	\$5,293,088
Covered by FDIC	(500,000)
	\$ 4,793,088
Collateralized with securities pledged in City's name	\$ 4,793,088

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

Investments

At December 31, 2022, the City's investment balances were as follows:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
Broker Money Market Funds	N/A	less than 1 year	\$ 9,302,862			
Non-pooled Investments at Fair Value						
Negotiable Certificates of Deposits	N/A	less than 1 year	960,956	\$ -	\$ 960,956	\$ -
Negotiable Certificates of Deposits	N/A	1 to 5 years	4,698,429	-	4,698,429	-
Government Agency Securities	AA+	less than 1 year	3,952,898	3,952,898	-	-
Government Agency Securities	AA+	1 to 5 years	24,093,307	24,093,307	-	-
Government Agency Securities	N/A	1 to 5 years	1,754,840	1,754,840	-	-
Government Agency Securities	AAA	1 to 5 years	1,981,815	1,981,815	-	-
Government Agency Securities	AA	1 to 5 years	1,997,270	1,997,270	-	-
Government Agency Securities	AAA2	more than 5 years	995,710	995,710	-	-
Municipal Bonds	AAA	less than 1 year	696,248	-	696,248	-
Municipal Bonds	AAA	1 to 5 years	5,792,046	-	5,792,046	-
Municipal Bonds	A+	1 to 5 years	332,175	-	332,175	-
Municipal Bonds	A	1 to 5 years	1,504,818	-	1,504,818	-
Municipal Bonds	A1	1 to 5 years	114,303	-	114,303	-
Municipal Bonds	A3	more than 5 years	413,095	-	413,095	-
Municipal Bonds	AA-	1 to 5 years	1,193,713	-	1,193,713	-
Municipal Bonds	AA	less than 1 year	5,063,746	-	5,063,746	-
Municipal Bonds	AA	1 to 5 years	6,639,375	-	6,639,375	-
Municipal Bonds	AA	more than 5 years	341,030	-	341,030	-
Municipal Bonds	AA+	less than 1 year	899,752	-	899,752	-
Municipal Bonds	AA+	1 to 5 years	1,559,600	-	1,559,600	-
Municipal Bonds	AA+	more than 5 years	123,471	-	123,471	-
Municipal Bonds	AA1	less than 1 year	244,304	-	244,304	-
Municipal Bonds	AA1	1 to 5 years	1,254,583	-	1,254,583	-
Municipal Bonds	AA1	more than 5 years	116,900	-	116,900	-
Municipal Bonds	AA2	less than 1 year	150,006	-	150,006	-
Municipal Bonds	AA2	1 to 5 years	3,153,626	-	3,153,626	-
Municipal Bonds	AA3	less than 1 year	100,000	-	100,000	-
Municipal Bonds	AA3	1 to 5 years	1,240,889	-	1,240,889	-
Municipal Bonds	AAA2	less than 1 year	845,444	-	845,444	-
Municipal Bonds	N/A	1 to 5 years	1,223,959	-	1,223,959	-
Treasury Bill	AAA	less than 1 year	10,819,795	10,819,795	-	-
Treasury Note	AAA	less than 1 year	5,464,925	5,464,925	-	-
Total Investments			<u>\$ 99,025,890</u>	<u>\$ 51,060,560</u>	<u>\$ 38,662,468</u>	<u>\$ -</u>

(1) Ratings are provided by Standard & Poor's where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

The investments of the City are subject to the following risks:

- *Interest Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the City's investment policy, the City will not directly invest more than five percent (5 percent) of the total portfolio in securities maturing more than five (5) years from the date of purchase, unless matched to a specific cash flow. The City was not exposed to interest rate risks due to the fact that their investments are not exposed to highly sensitive changes in interest rates.
- *Credit Risk*. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list on page 70 of the notes to the financial statements. In accordance with its investment policy, the City will minimize credit risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business, and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
- *Concentration of Credit Risk*. Concentration of credit risk is defined as positions of five percent (5 percent) or more in the securities of a single issuer. As of December 31, 2022, the following issuers exceeded 5 percent of the City's total investments: FHLB (22.14 percent), FFCB (5.34 percent), Treasury securities (16.44 percent). The City's investment policy does not allow for an investment in any issuer or security type (except U.S. Treasury Bonds) that is in excess of fifty percent (50 percent) of the City's total investments.
- *Custodial Credit Risk - Deposits*. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Minnesota statutes and the City's investment policy states that in order to provide a level of security for all funds, the collateralization level will be 110 percent of market value not covered by insurance. As of December 31, 2022, all of the City's bank balance was covered by federal depository insurance or by perfected collateral held by the City's agent in the City's name.
- *Custodial Credit Risk - Investments*. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of December 31, 2022, all securities were held by the City or its agent in the City's name. The City does not have an investment policy for custodial credit risk.

The City's investments held by a broker-dealer were insured by SIPC or other supplemental insurance as of December 31, 2022. However, each investment brokerage firm may have a limit to their supplemental insurance coverage and because of the size of the City's portfolio in relation to the brokerage firm's excess SIPC coverage limits; the portion of the supplemental policy applicable to the City's portfolio is unknown. The City accepts the risk due to the controls in place at the broker-dealer.

A reconciliation of cash and temporary investments as shown on the statement of net position for the City follows:

Carrying Amount of Deposits	\$ 2,375,038
Investments	99,025,890
Petty Cash	<u>26,150</u>
 Total	 <u><u>\$ 101,427,078</u></u>
 As Reported on the Financial Statements	
Statement of net position	
Cash and temporary investments	<u><u>\$ 101,427,078</u></u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

B. Lease Receivable

As of December 31, 2022, the City had the following lease receivables:

Description	Issue Date	Lease Maturity Date	Interest Rate	Current Year Inflow of Resources	Balance at Year End
Antenna Lease Agreements					
Northside water tower (AT&T)	1/1/2022	12/31/25	3.12 %	\$ 74,729	\$ 235,605
Northside water tower (Nextera)	1/1/2022	12/31/26	3.28	1,629	16,098
Northside water tower (T-Mobile)	1/1/2022	12/31/25	3.12	40,586	125,889
Pole at Carmen Ave (T-Mobile)	1/1/2022	12/31/24	3.79	28,082	712,575
5030 Babcock Trail (Verizon)	1/1/2022	12/31/23	3.16	30,970	<u>187,207</u>
Total					<u><u>\$ 1,277,374</u></u>

The City leases space at various City properties to communication companies for the operation and maintenance of communication antennas.

C. Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 32,034,539	\$ -	\$ -	\$ 32,034,539
Construction in progress	<u>32,516,418</u>	<u>6,720,767</u>	<u>(26,380,001)</u>	<u>12,857,184</u>
Total Capital Assets not Being Depreciated	<u>64,550,957</u>	<u>6,720,767</u>	<u>(26,380,001)</u>	<u>44,891,723</u>
Capital Assets Being Depreciated/Amortized				
Infrastructure	88,102,007	25,625,964	-	113,727,971
Buildings and systems	48,593,553	-	-	48,593,553
Improvements other than buildings	9,873,789	-	-	9,873,789
Machinery and equipment	16,311,347	1,167,686	(170,349)	17,308,684
Machinery and equipment - Right to Use Assets	<u>315,948</u>	<u>58,318</u>	<u>-</u>	<u>374,266</u>
Total Capital Assets Being Depreciated/Amortized	<u>163,196,644</u>	<u>26,851,968</u>	<u>(170,349)</u>	<u>189,878,263</u>
Less Accumulated Depreciation for				
Infrastructure	(46,858,610)	(2,376,302)	-	(49,234,912)
Buildings and systems	(24,984,152)	(1,404,654)	-	(26,388,806)
Improvements other than buildings	(5,991,451)	(238,366)	-	(6,229,817)
Machinery and equipment	(10,591,375)	(1,140,538)	96,159	(11,635,754)
Machinery and equipment - Right to Use Assets	<u>-</u>	<u>(150,125)</u>	<u>-</u>	<u>(150,125)</u>
Total Accumulated Depreciation/Amortization	<u>(88,425,588)</u>	<u>(5,309,985)</u>	<u>96,159</u>	<u>(93,639,414)</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>74,771,056</u>	<u>21,541,983</u>	<u>(74,190)</u>	<u>96,238,849</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 139,322,013</u></u>	<u><u>\$ 28,262,750</u></u>	<u><u>\$ (26,454,191)</u></u>	<u><u>\$ 141,130,572</u></u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

Depreciation expense was charged to functions of the governmental activities as follows:

Governmental Activities

General Government	\$ 592,480
Public Safety	1,088,368
Public Works	2,895,186
Culture and Recreation	702,296
Community Development	31,655
	<u>31,655</u>

Total Depreciation Expense - Governmental Activities \$ 5,309,985

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 3,985,257	\$ 403,902	\$ -	\$ 4,389,159
Construction in progress	4,061,991	1,142,565	(2,765,391)	2,439,165
Total Capital Assets not Being Depreciated	<u>8,047,248</u>	<u>1,546,467</u>	<u>(2,765,391)</u>	<u>6,828,324</u>
Capital Assets Being Depreciated				
Buildings and systems	117,803,113	2,876,006	-	120,679,119
Improvements other than buildings	4,639,459	-	-	4,639,459
Machinery and equipment	1,500,089	27,735	(118,843)	1,408,981
Total Capital Assets Being Depreciated	<u>123,942,661</u>	<u>2,903,741</u>	<u>(118,843)</u>	<u>126,727,559</u>
Less Accumulated Depreciation for				
Buildings and systems	(54,833,515)	(2,022,018)	-	(56,855,533)
Improvements other than buildings	(4,230,901)	(122,089)	-	(4,352,990)
Machinery and equipment	(1,136,214)	(97,361)	118,843	(1,114,732)
Total Accumulated Depreciation	<u>(60,200,630)</u>	<u>(2,241,468)</u>	<u>118,843</u>	<u>(62,323,255)</u>
Total Capital Assets Being Depreciated, Net	<u>63,742,031</u>	<u>662,273</u>	<u>-</u>	<u>64,404,304</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 71,789,279</u></u>	<u><u>\$ 2,208,740</u></u>	<u><u>\$ (2,765,391)</u></u>	<u><u>\$ 71,232,628</u></u>

Depreciation expense was charged to programs of the business-type activities as follows:

Business-type Activities

Water	\$ 998,866
Sewer	787,496
Storm Water	235,374
Golf Course	219,732
	<u>219,732</u>

Total Depreciation Expense - Business-type Activities \$ 2,241,468

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

D. Construction Commitments

The City has the following construction commitments at December 31, 2022:

Project	Spent to Date	Remaining Commitment
64th Street Area Improvements (1909D)	\$ 900,606	\$ 116,254
Intersection Improvement at T.H. 3 & Diffley Ct (Project 1805)	-	174,317
62nd Street Area Reconstruction (Project 1609G)	1,694,429	173,624
NWA Trunk Utility Improv - Argenta Trail (Project 2101)	1,168,425	106,035
Vista Pines Park (Project 2112)	441,484	1,629
Bryant Lane Area Improvement (Project 2109D)	1,457,436	53,390
Carleda Way Area Reconstruction (Project 1609F)	1,222,587	151,429
Argenta Trail Drainage Improvement (Project 2012)	322,705	19,626
Trunk Storm Sewer Ext for landlocked Basin JP-1 (Project 2111)	207,178	23,322
Total	<u>\$ 7,414,850</u>	<u>\$ 819,626</u>

E. Long-term Debt

General Obligation (G.O.) Bonds

The City issues G.O. and G.O. revenue bonds to provide funds for the acquisition and construction of major capital facilities and equipment. Debt service is covered by tax increments, special assessments, property tax levies and revenues. In addition, G.O. bonds have been issued to refund G.O., G.O. special assessment, and G.O. revenue bonds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Bonds, Series 2015A	\$ 7,745,000	2.00 - 3.00 %	09/17/15	02/01/31	\$ 4,910,000
G.O. Refunding Capital Bonds, Series 2016A	8,515,000	2.75 - 3.00	12/29/16	02/01/34	7,050,000
G.O. Capital Improvement Plan Bonds, Series 2018A	9,785,000	3.35 - 5.00	12/27/18	02/01/39	8,975,000
G.O. Capital Improvement Plan Bonds, Series 2019A	2,500,000	3.50 - 4.00	01/03/19	02/01/27	<u>2,300,000</u>
Total G.O. Bonds					<u>\$ 23,235,000</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

Annual debt service requirements to maturity for G.O. bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 1,450,000	\$ 729,573	\$ 2,179,573
2024	1,525,000	676,223	2,201,223
2025	1,575,000	620,548	2,195,548
2026	1,630,000	563,560	2,193,560
2027	1,645,000	505,760	2,150,760
2028 - 2032	8,535,000	1,742,065	10,277,065
2033 - 2037	5,190,000	649,333	5,839,333
2038 - 2039	1,685,000	57,268	1,742,268
Total	\$ 23,235,000	\$ 5,544,330	\$ 28,779,330

G.O. Improvement (Special Assessment) Bonds

The following bonds were issued to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. Some issues, however, are partially financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. Each year the combined assessment and tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax or assessment payments.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds, Series 2017B	\$ 3,505,000	2.00 - 3.00 %	12/11/17	02/01/33	\$ 2,750,000
G.O. Improvement Bonds, Series 2020A	1,640,000	.05 - 1.00	12/15/20	02/01/27	1,245,000
Total G.O. Special Assessment Bonds					\$ 3,995,000

Annual debt service requirements to maturity for G.O. special assessment bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 500,000	\$ 78,418	\$ 578,418
2024	505,000	68,243	573,243
2025	515,000	57,893	572,893
2026	525,000	47,918	572,918
2027	530,000	38,278	568,278
2028 - 2032	1,175,000	101,255	1,276,255
2033	245,000	3,062	248,062
Total	\$ 3,995,000	\$ 395,067	\$ 4,390,067

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

G.O. Revenue Bonds

The following bonds were issued to finance capital improvements in the enterprise funds. They will be repaid from future revenues pledged from the Water and Sewer enterprise funds and are backed by the taxing power of the City. Annual revenues from charges for services, principal and interest payments, and percentage of revenue required to cover principal and interest payments are as follows:

	Water	Sewer
Net Operating Revenues	\$ 3,606,552	\$ 4,220,841
Principal and Interest	415,888	1,232,480
Percentage of Revenues	11.53 %	29.20 %

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Sewer Revenue Bonds, Series 2015B	\$ 4,185,000	3.00 - 4.00 %	09/17/15	02/01/31	\$ 2,820,000
G.O. Sewer Refunding Revenue Bonds, Series 2017A	5,685,000	1.50 - 3.00	01/12/17	02/01/36	4,880,000
G.O. Sewer Refunding Revenue Bonds, Series 2021A	2,740,000	2.00 - 3.00	12/30/21	02/01/34	2,740,000
Total G.O. Revenue Bonds					\$ 10,440,000

The annual debt service requirements to maturity for G.O. revenue bonds are as follows:

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2023	\$ 750,000	\$ 288,275	\$ 1,038,275
2024	780,000	262,575	1,042,575
2025	805,000	237,781	1,042,781
2026	825,000	212,606	1,037,606
2027	855,000	186,700	1,041,700
2028 - 2032	4,310,000	549,488	4,859,488
2033 - 2036	2,115,000	99,725	2,214,725
Total	\$ 10,440,000	\$ 1,837,150	\$ 12,277,150

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

Leases Payable

The following leases were issued to finance the use of various police department vehicles. Lease payments include a monthly management fee, ranging from \$57 to \$69 per month. The leases are nonrenewable.

Description	Interest Rate	Issue Date	Lease Maturity Date	Payment Terms	Residual Value	Balance at Year End
Enterprise Fleet Management						
Police Vehicle	5.62 %	01/01/22	01/30/25	\$ 624 Monthly	\$ 6,581	\$ 13,281
Police Vehicle	5.62	01/01/22	01/30/25	624 Monthly	6,581	13,281
Police Vehicle	4.17	01/01/22	02/01/24	817 Monthly	7,441	9,648
Police Vehicle	4.19	01/01/22	02/29/24	817 Monthly	7,625	10,329
Police Vehicle	4.19	01/01/22	02/29/24	817 Monthly	8,056	10,329
Police Vehicle	4.17	01/01/22	02/01/24	817 Monthly	7,863	9,648
Police Vehicle	5.30	01/01/22	07/01/23	844 Monthly	7,652	4,479
Police Vehicle	5.30	01/01/22	06/01/23	844 Monthly	8,079	3,714
Police Vehicle	5.30	01/01/22	06/01/23	844 Monthly	7,589	3,714
Police Vehicle	5.30	01/01/22	06/01/23	844 Monthly	7,589	3,714
Police Vehicle	4.30	01/01/22	06/30/24	825 Monthly	7,593	13,287
Police Vehicle	5.30	01/01/22	06/30/25	618 Monthly	6,579	15,669
Police Vehicle	4.46	01/01/22	07/31/24	828 Monthly	8,040	14,054
Police Vehicle	4.46	01/01/22	07/31/24	828 Monthly	7,693	14,054
Police Vehicle	4.40	01/01/22	09/30/24	827 Monthly	7,648	15,485
Police Vehicle	5.00	01/01/22	08/01/23	844 Monthly	7,780	5,243
Police Vehicle	4.17	01/01/22	01/31/26	552 Monthly	5,714	17,314
Police Vehicle	5.35	01/01/22	01/31/27	382 Monthly	3,964	14,761
Police Vehicle	5.55	01/01/22	02/28/27	839 Monthly	3,893	32,954
Total						<u>\$ 224,958</u>

The annual debt service requirements to maturity for the lease payables are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 124,505	\$ 10,931	\$ 135,436
2024	63,083	5,044	68,127
2025	22,875	1,960	24,835
2026	13,429	785	14,214
2027	1,066	59	1,125
Total	<u>\$ 224,958</u>	<u>\$ 18,779</u>	<u>\$ 243,737</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2022 was as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
G.O. bonds	\$ 24,605,000	\$ -	\$ (1,370,000)	\$ 23,235,000	\$ 1,450,000
G.O. special assessment bonds	4,640,000	-	(645,000)	3,995,000	500,000
Bond premium	808,890	-	(62,821)	746,069	51,037
Total Bonds Payable	<u>30,053,890</u>	<u>-</u>	<u>(2,077,821)</u>	<u>27,976,069</u>	<u>2,001,037</u>
Lease Payable	315,948	58,318	(149,308)	224,958	124,505
Compensated Absences Payable	<u>2,691,629</u>	<u>1,183,148</u>	<u>(1,091,758)</u>	<u>2,783,019</u>	<u>1,221,150</u>
Governmental Activity Long-term Liabilities	<u>\$ 33,061,467</u>	<u>\$ 1,241,466</u>	<u>\$ (3,318,887)</u>	<u>\$ 30,984,046</u>	<u>\$ 3,346,692</u>
Business-type Activities					
Bonds Payable					
G.O. revenue bonds	\$ 14,645,000	\$ -	\$ (4,205,000)	\$ 10,440,000	\$ 750,000
Bond premium	527,519	-	(59,926)	467,593	48,467
Total Bonds Payable	<u>15,172,519</u>	<u>-</u>	<u>(4,264,926)</u>	<u>10,907,593</u>	<u>798,467</u>
Compensated Absences Payable	<u>259,595</u>	<u>236,613</u>	<u>(179,453)</u>	<u>316,755</u>	<u>133,615</u>
Business-type Activity Long-term Liabilities	<u>\$ 15,432,114</u>	<u>\$ 236,613</u>	<u>\$ (4,444,379)</u>	<u>\$ 11,224,348</u>	<u>\$ 932,082</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

F. Components of Fund Balance

Fund equity balances are classified below to reflect the limitations and restrictions of the respective funds.

	General	Improvement Bonds	Closed Bond	Community Center
Nonspendable				
Prepaid items	\$ 29,102	\$ -	\$ -	\$ 8,460
Leases	42,670	-	-	-
Total Nonspendable	<u>71,772</u>	<u>-</u>	<u>-</u>	<u>8,460</u>
Restricted for				
Debt service	-	4,075,545	-	-
Community development	-	-	-	-
Public safety	26,073	-	-	-
Public health	-	-	-	-
Tree preservation	-	-	-	-
Park improvements	-	-	-	-
Total Restricted	<u>26,073</u>	<u>4,075,545</u>	<u>-</u>	<u>-</u>
Committed to				
Convention and Visitors Bureau	-	-	-	-
Economic development	-	-	-	-
Public safety	278,240	-	-	-
Total Committed	<u>278,240</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned to				
Debt service	-	-	2,090,990	-
Capital improvements	-	-	-	-
Total Assigned	<u>-</u>	<u>-</u>	<u>2,090,990</u>	<u>-</u>
Unassigned	<u>13,387,712</u>	<u>-</u>	<u>-</u>	<u>(1,683,478)</u>
Total	<u>\$ 13,763,797</u>	<u>\$ 4,075,545</u>	<u>\$ 2,090,990</u>	<u>\$ (1,675,018)</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

	Local Improvement Construction	Pavement Management	Host Community	Other Governmental	Total
Nonspendable					
Prepaid items	\$ -	\$ -	\$ -	\$ 640	\$ 38,202
Leases	-	-	-	-	42,670
Total Nonspendable	<u>-</u>	<u>-</u>	<u>-</u>	<u>640</u>	<u>80,872</u>
Restricted for					
Debt service	-	-	-	-	4,075,545
Community development	-	-	-	3,945,464	3,945,464
Public safety	-	-	-	-	26,073
Public health	-	-	-	95,240	95,240
Tree preservation	-	-	-	829,228	829,228
Park improvements	-	-	-	3,247,405	3,247,405
Total Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,117,337</u>	<u>12,218,955</u>
Committed to					
Convention and Visitors Bureau	-	-	-	85,143	85,143
Economic development	-	-	-	420,694	420,694
Public safety	-	-	-	-	278,240
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>505,837</u>	<u>784,077</u>
Assigned to					
Debt service	-	-	-	-	2,090,990
Capital improvements	1,140,142	12,518,185	8,240,845	4,981,225	26,880,397
Total Assigned	<u>1,140,142</u>	<u>12,518,185</u>	<u>8,240,845</u>	<u>4,981,225</u>	<u>28,971,387</u>
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,704,234</u>
Total	<u>\$ 1,140,142</u>	<u>\$ 12,518,185</u>	<u>\$ 8,240,845</u>	<u>\$ 13,605,039</u>	<u>\$ 53,759,525</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

G. Interfund Receivables, Payables and Transfers

The composition of interfund balances at December 31, 2022 is as follows:

Receivable Fund	Payable Fund	Purpose	Amount
<i>Due from/to other funds</i>			
Internal Service	Golf Course	To loan funds for repairs and maintenance	\$ 81,908
Internal Service	Community Center	To loan funds for capital improvements	161,698
<i>Advance to/from other funds</i>			
Internal Service	Golf Course	To loan funds for repairs and maintenance	1,556,252
Internal Service	Community Center	To loan funds for capital improvements	1,697,431
Host Community	Nonmajor governmental	To loan funds for land purchase	<u>1,000,000</u>
Total			<u>\$ 4,497,289</u>

The Internal Service Central Equipment fund made advances to the Golf Course and Community Center funds which will be paid back in annual installments. The Host Community fund made advances to the nonmajor governmental EDA fund, which will be paid back when the land for resale has sold.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

The composition of interfund transfers for the year ended December 31, 2022 is as follows:

Fund	Transfer In					
	General	Improvement Bonds	Community Center	Local Improvement Construction	Pavement Management	Host Community
Transfer Out						
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,191
Improvement Bonds	-	-	-	-	-	-
Closed Bond	-	177,250	-	-	-	-
Local Improvement Construction	-	-	-	-	-	-
Pavement Management	-	196,084	-	215,162	-	-
Host Community	9,745	-	2,231,391	1,000,000	500,000	-
Nonmajor Governmental	32,217	-	5,935	-	-	-
Water	302,600	-	-	329,323	493,624	-
Sewer	302,600	-	-	12,478	393,725	-
Storm Water Management	78,036	-	-	22,993	63,539	-
Internal Service	147,000	-	-	20,633	-	-
Total	\$ 872,198	\$ 373,334	\$ 2,237,326	\$ 1,600,589	\$ 1,450,888	\$ 42,191

Fund	Transfer In					Total
	Nonmajor Governmental	Water	Sewer	Storm Water Management	Internal Service	
Transfer Out						
General	\$ 340,800	\$ -	\$ -	\$ -	\$ 18,000	\$ 400,991
Improvement Bonds	-	-	105,981	-	-	105,981
Closed Bond	-	-	56,640	-	-	233,890
Local Improvement Construction	269,418	472,685	507,979	82,182	6,189	1,338,453
Pavement Management	-	-	-	33,144	-	444,390
Host Community	25,000	-	-	-	-	3,766,136
Nonmajor Governmental	408,967	-	-	3,063	226,029	676,211
Water	-	-	-	-	-	1,125,547
Sewer	-	-	-	-	-	708,803
Storm Water Management	-	-	-	-	-	164,568
Internal Service	-	-	-	-	-	167,633
Total	\$ 1,044,185	\$ 472,685	\$ 670,600	\$ 118,389	\$ 250,218	\$ 9,132,603

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

The City annually budgets transfers for specific purposes and includes transfers to cover funds annual operations, transfers for debt service payments, transfers made as part of capital improvement plans and other transfers made for various reasons. The City made the following one-time non-budgeted transfers for the year ended December 31, 2022:

- A transfer from the General fund to the Parks Capital fund for future capital purchases.
- A transfer from the General fund to the Local Improvement Construction fund was adopted by resolution. The transfer was for construction projects.
- A transfer from the Local Improvement Construction fund to the General fund, Pavement Management fund, nonmajor governmental funds, water, sewer and storm water management funds and the internal service funds were adopted by resolution. The transfers were to close construction projects.
- Transfers from the Pavement Management fund to the Local Improvement Construction fund were adopted by resolution. The transfers were for construction projects.
- A transfer from the Host Community fund to the Local Improvement Construction fund was adopted by resolution. The transfer was for construction projects.
- Transfers from the nonmajor governmental funds to the Local Improvement Construction fund and Pavement Management fund were adopted by resolution. The transfers were for construction projects.
- Transfers from the nonmajor governmental funds to the Internal Service funds were adopted by resolution. The transfers were for funding equipment purchases and future capital costs.
- Transfers from the Water fund to the Local Improvement Pavement Management fund and Sewer fund were adopted by resolution. The transfers were for construction projects.
- Transfers from the Sewer fund to the Local Improvement Pavement Management fund and Golf Course fund were adopted by resolution. The transfers were for construction projects.
- Transfers from the Storm Water Management fund to the Local Improvement Pavement Management fund were adopted by resolution. The transfers were for construction projects.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota statutes*, chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

B. Benefits Provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

Police and Fire Plan Benefits

Benefits for the Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014 vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3.0 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

Minnesota statutes chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2022 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2022, 2021 and 2020 were \$739,972, \$642,758 and \$680,633, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2022 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the years ending December 31, 2022, 2021 and 2020 were \$1,086,038, \$857,198 and \$892,474, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2022, the City reported a liability of \$10,058,442 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$295,057. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1270 percent which was an increase of 0.0058 from its proportion measured as of June 30, 2021.

City's Proportionate Share of the Net Pension Liability	\$ 10,058,442
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>295,057</u>
Total	<u><u>\$ 10,353,499</u></u>

For the year ended December 31, 2022, the City recognized pension expense of \$1,627,068 for its proportionate share of General Employees Plan's pension expense. In addition, the City recognized an additional \$44,088 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

At December 31, 2022, the City reported its proportionate share of General Employee’s deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 84,016	\$ 102,496
Changes in Actuarial Assumptions	2,175,586	38,848
Net Difference Between Projected and Actual Earnings on Plan Investments	330,282	-
Changes in Proportion	236,753	-
Contributions Paid to PERA Subsequent to the Measurement Date	400,349	-
Total	\$ 3,226,986	\$ 141,344

The \$400,349 reported as deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$ 1,056,391
2024	981,300
2025	(262,033)
2026	909,635

Police and Fire Fund Pension Costs

At December 31, 2022, the City reported a liability of \$19,225,391 for its proportionate share of the Police and Fire Fund’s net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportionate share of the net pension liability was based on the City’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA’s participating employers. The City’s proportionate share was 0.4418 percent which was an increase of 0.0022 from its proportion measured as of June 30, 2021.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state aid was paid on October 1, 2021. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota’s pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2022, the City recognized pension expense of \$2,284,333 for its proportionate share of the Police and Fire Plan’s pension expense. In addition, the City recognized an additional \$162,913 as pension expense (grant revenue) for its proportionate share of the State of Minnesota’s contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in fire state aid. The City also recognized \$39,762 for the year ended December 31, 2022 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Fund.

At December 31, 2022, the City reported its proportionate share of Police and Fire Plan’s deferred outflows of resources and deferred inflows of resources, from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 1,148,700	\$ 34,826
Changes in Actuarial Assumptions	11,209,874	210,528
Net Difference Between Projected and Actual Earnings on Plan Investments	501,982	17,794
Changes in Proportion	675,276	-
Contributions Paid to PERA Subsequent to the Measurement Date	<u>610,030</u>	<u>-</u>
Total	<u>\$ 14,145,862</u>	<u>\$ 263,148</u>

The \$610,030 reported as deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$ 2,669,930
2024	2,701,129
2025	2,365,977
2026	3,936,054
2027	1,599,594

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

E. Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investment used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1 percent per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan is based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

Police and Fire Fund

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50 percent to 5.40 percent.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	<u>25.0</u>	5.90
Total	<u><u>100.00 %</u></u>	

F. Discount Rate

The discount rate used to measure the total pension liability in 2022 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the Police and Fire Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in fiscal year ended June 30, 2061 for the Police and Fire Fund, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69 percent (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40 percent for the Police and Fire Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5 percent applied to all years of projected benefits through the point of asset depletion and 3.69 percent thereafter.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

G. Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	City Proportionate Share of NPL		
	1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
General Employees Fund	\$ 15,887,836	\$ 10,058,442	\$ 5,277,439
	1 Percent Decrease (4.40%)	Current (5.40%)	1 Percent Increase (6.40%)
Police and Fire Fund	\$ 29,095,163	\$ 19,225,391	\$ 11,246,271

H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

Note 5: Public Employees Defined Contribution Plan (Defined Contribution Plan)

One council member is covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City during the fiscal year 2022 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 570	\$ 570	5.00%	5.00%	5.00%

The City's contributions to the DCP for the years ended December 31, 2022, 2021 and 2020 were \$570, \$548 and \$1,390, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 6: Defined Benefit Pension Plans - Fire Relief Association

A. Plan Description

All members of the Inver Grove Heights Fire Department (the Department) are covered by a defined benefit plan administered by the Inver Grove Heights Firefighters Relief Association (the Association). As of December 31, 2022, the plan covered 53 active firefighters and 22 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of Minnesota statutes 1980). Funds are also derived from investment income.

B. Benefits Provided

A firefighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full-service pension upon retirement.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as prescribed by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 10 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable non-forfeitable percentage of pension.

C. Contributions

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$251,695 in fire state aid to the plan on behalf of the Department for the year ended December 31, 2022, which was recorded as a revenue. There were no required employer contributions calculated based on statutory provisions. In 2021, the City made voluntary contributions of \$82,775 to the plan and in 2022 made no voluntary contributions to the plan.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

D. Pension Costs

At December 31, 2022, the City reported a net pension liability (asset) of (\$2,827,486) for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2022. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the Department. The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2022	\$ 3,102,056	\$ 5,603,910	\$ (2,501,854)
Changes for the Year			
Service cost	136,517	-	136,517
Interest on pension liability (asset)	165,036	-	165,036
Plan changes	222,566	-	222,566
Contributions (employer)	-	87,475	(87,475)
Nonemployer contributions	-	239,102	(239,102)
Projected Investment Return	-	303,616	(303,616)
(Gain)/loss	-	237,525	(237,525)
Benefit payments	(475,846)	(475,846)	-
Administrative expenses	-	(17,967)	17,967
Total Net Changes	<u>48,273</u>	<u>373,905</u>	<u>(325,632)</u>
Ending Balance December 31, 2022	<u>\$ 3,150,329</u>	<u>\$ 5,977,815</u>	<u>\$ (2,827,486)</u>

For the year ended December 31, 2022, the City recognized negative pension expense of \$371,042.

At December 31, 2022, the City reported deferred outflows of resources and its contributions subsequent to the measurement date related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 445,284
Changes in Actuarial Assumptions	33,458	45,309
Net Difference Between Projected and Actual Earnings on Plan Investments	-	312,959
Contributions to Plan Subsequent to the Measurement Date	<u>251,695</u>	<u>-</u>
Total	<u>\$ 285,153</u>	<u>\$ 803,552</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

Deferred outflows of resources totaling \$251,695 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2023	\$ (162,259)
2024	(300,393)
2025	(189,577)
2026	(82,686)
2027	(35,179)

E. Actuarial Assumptions

The total pension asset at December 31, 2022 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement Eligibility at 100 Percent at Age 50	
Salary Increases	2.50% per year
Cost of Living Increases	0.00% per year
Investment Rate of Return	5.50%
20-Year Municipal Bond Yield	N/A (no unfunded liabilities)

The discount rate remained at 5.50 percent in 2022.

The long-term expected rate of return on pension plan investments was based on the plan's target investment allocation along with long-term expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash	10.00 %	1.80 %
Fixed Income	29.00	3.50
Equities	58.00	7.00
Other	3.00	6.50
Total	100.00 %	

F. Discount Rate

The discount rate used to measure the total pension liability was 5.50 percent. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate. The equivalent single rate is the discount rate.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

G. Pension Asset Sensitivity

The following presents the City’s net pension asset for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s net pension asset would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	City Proportionate Share of NPA		
	1 Percent Decrease (4.50%)	Current (5.50%)	1 Percent Increase (6.50%)
	Defined Benefit Plan	\$ (2,641,824)	\$ (2,827,486)

H. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report. The report may be obtained by writing to the Inver Grove Heights Firefighters Relief Association, 8150 Barbara Ave, Inver Grove Heights, MN 55077.

Note 7: Postemployment Benefits Other Than Pensions

A. Plan Description

The City provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical coverage and is administered by HealthPartners, Inc. It is the City’s policy for Council to periodically review its medical coverage, and to obtain requests for proposals in order to provide the most favorable benefits and premiums for City employees and retirees. The City does not issue a publicly available report. The plan is not considered a trust and contributions are not irrevocable.

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	8
Active Plan Members	169
Total Plan Members	177

B. Funding Policy

Retirees receiving benefits contribute 100 percent of their premium costs. Retirees and their spouses contribute to the health care plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with HealthPartners, Inc. The required contributions are based on projected pay-as-you-go financing requirements. For the year ended December 31, 2022, the City’s average contribution rate was 0.5 percent of covered-employee payroll. For fiscal year 2022, the City contributed \$74,762 to the plan. As of January 1, 2022, there were eight retirees receiving health benefits from the City’s health plan.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 7: Postemployment Benefits Other Than Pensions (Continued)

C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$824,296 was measured as of January 1, 2022, and was determined by an actuarial valuation as of January 1, 2022.

The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.00%
Expected Long-Term Investment Return	N/A
20-Year Municipal Bond Yield	2.00%
Inflation Rate	2.00%
Salary Increases	3% - 11.75%
Medical Trend Rate	6.50% as of January 1, 2022 grading to 5.00% over 6 years and then to 4.00% over the next 48 years

The discount rate used to measure the total OPEB liability was 2.00 percent. The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.

The actuarial assumptions used in the January 1, 2022 valuation were based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

D. Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at December 31, 2021	<u>\$ 810,707</u>
Changes for the Year:	
Service cost	60,250
Interest	16,502
Differences between expected and actual experience	24,350
Changes in assumptions or other inputs	4,578
Benefit payments	<u>(92,091)</u>
Net Changes	<u>13,589</u>
Balances at December 31, 2022	<u><u>\$ 824,296</u></u>

Since the prior measurement date, the following assumptions changed:

- The discount rate remained constant at 2.00 percent.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 7: Postemployment Benefits Other Than Pensions (Continued)

E. Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.00 percent) or 1-percentage point higher (3.00 percent) than the current discount rate:

1 Percent Decrease (1.00%)	Current (2.00%)	1 Percent Increase (3.00%)
\$ 879,018	\$ 824,296	\$ 772,845

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a Healthcare Cost Trend Rate that is 1-percentage point lower (5.00 percent decreasing to 4.00 percent) or 1-percentage point higher (7.00 percent decreasing to 6.00 percent) than the current cost trend rate:

1 Percent Decrease (5.00% Decreasing to 4.00%)	Healthcare Cost Trend Rates (6.50% Decreasing to 5.00%)	1 Percent Increase (7.00% Decreasing to 6.00%)
\$ 748,605	\$ 824,296	\$ 914,422

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the City recognized OPEB expense of \$90,931. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ 48,318	\$ 11,329
Net Difference between Projected and Actual Earnings on Plan Investments	46,054	-
Contributions to OPEB Subsequent to the Measurement Date	74,761	-
Total	\$ 169,133	\$ 11,329

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 7: Postemployment Benefits Other Than Pensions (Continued)

Deferred outflows of resources totaling \$74,761 related to pensions resulting from the City's contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:		
2023	\$	14,178
2024		14,178
2025		14,178
2026		14,178
2027		14,178
Thereafter		12,153

Note 8: Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. For workers compensation, the City is not subject to a deductible.

Property and casualty insurance is provided through a pooled self-insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. The City retains risk for the deductible portion of the insurance policies and for any exclusions from the insurance policies. These amounts are considered immaterial to the financial statements.

The City continues to carry commercial insurance for all other risks of loss, including disability and employee health insurance.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

The risk management activities of the City are accounted for by the Risk Management fund, an internal service fund, which charges its costs to user departments. The fund is designed to build up a reserve which will provide the City the opportunity to assume a greater share of its insurance risks and thereby reducing the cost to purchase insurance.

B. Contingencies

Tax Increment Financing Districts

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements. The City currently does not have any open tax increment districts.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 8: Other Information (Continued)

C. Conduit Debt Obligations

From time to time, the City has issued industrial revenue bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payment received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2022, there was one series of Housing Revenue Bonds outstanding as follows:

Series	Amount Issued	Balance Outstanding 12/31/22
2005 Senior Housing Revenue Refunding Bonds	\$ 32,290,000	\$ 19,635,000

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

City of Inver Grove Heights, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2022

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/22	0.1270 %	\$ 10,058,442	\$ 295,057	\$ 10,353,499	\$ 9,136,682	110.1 %	76.7 %
06/30/21	0.1212	5,175,783	158,056	5,333,839	8,719,450	59.4	87.0
06/29/20	0.1206	7,230,521	222,930	7,453,451	8,595,785	84.1	79.0
06/30/19	0.1139	6,297,276	195,825	6,493,101	8,063,116	78.1	80.2
06/30/18	0.1121	6,218,848	204,030	6,422,878	7,509,053	82.8	79.5
06/30/17	0.1086	6,932,952	87,187	7,020,139	6,960,481	99.6	75.9
06/29/16	0.1064	8,639,152	112,841	8,751,993	6,603,007	130.8	68.9

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/22	\$ 739,972	\$ 739,972	\$ -	\$ 9,866,294	7.5 %
12/31/21	642,758	642,758	-	8,570,102	7.5
12/30/20	680,633	680,633	-	9,075,102	7.5
12/31/19	620,963	620,963	-	8,279,503	7.5
12/31/18	593,314	593,314	-	7,910,851	7.5
12/31/17	544,197	544,197	-	7,255,965	7.5
12/30/16	499,836	499,836	-	6,664,480	7.5

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

Notes to the Required Supplementary Information - General Employees Fund

Changes in Actuarial Assumptions

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

Notes to the Required Supplementary Information - General Employees Fund (Continued)

Changes in Plan Provisions

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

2020 - Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 - There were no changes in plan provisions since the previous valuation.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

City of Inver Grove Heights, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2022

Schedule of Employer's Share of PERA Net Pension Liability - Police and Fire Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/22	0.4418 %	\$ 19,225,391	\$ 839,871	\$ 20,065,262	\$ 5,181,948	371.0 %	70.5 %
06/30/21	0.4195	3,238,095	145,556	3,383,651	4,957,609	65.3	93.7
06/29/20	0.4222	5,565,048	131,119	5,696,167	4,762,639	116.8	87.2
06/30/19	0.3806	4,051,871	-	4,051,871	4,012,373	101.0	89.3
06/30/18	0.3461	3,689,070	-	3,689,070	3,647,742	101.1	88.8
06/30/17	0.3420	4,617,407	-	4,617,407	3,506,580	131.7	85.4
06/29/16	0.3320	13,323,738	-	13,323,738	3,586,860	371.5	63.9

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - Police and Fire Fund

Year Ending	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/22	\$ 1,086,038	\$ 1,086,038	\$ -	\$ 6,135,807	17.7 %
12/31/21	857,198	857,198	-	4,842,927	17.7
12/30/20	892,474	892,474	-	5,042,229	17.7
12/31/19	745,061	745,061	-	4,395,638	17.0
12/31/18	618,063	618,063	-	3,815,205	16.2
12/31/17	581,071	581,071	-	3,586,860	16.2
12/30/16	540,976	540,976	-	3,339,357	16.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021. The single discount rate changed from 6.50 percent to 5.40 percent.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The inflation assumption was changed from 2.50 percent to 2.25 percent. The payroll growth assumption was changed from 3.25 percent to 3.00 percent. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020. The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020). Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations. Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities. Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020 - The mortality projection scale was changed from MP-2018 to MP-2019.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2016 to MP-2017. As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65 percent to 60 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.6 percent to 7.5 percent.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 percent. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2037 and 2.5 percent per year thereafter.

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

Notes to the Required Supplementary Information - Police and Fire Fund (Continued)

Changes in Plan Provisions

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

2020 - There were no changes in plan provisions since the previous valuation.

2019 - There were no changes in plan provisions since the previous valuation.

2018 - As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger. An end date of July 1, 2048 was added to the existing \$9.0 million state contribution. New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016 - There were no changes in plan provisions since the previous valuation.

2015 - The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios

	2022 (Fire Relief Report Date 2021)	2021 (Fire Relief Report Date 2020)	2020 (Fire Relief Report Date 2019)	2019 (Fire Relief Report Date 2018)	2018 (Fire Relief Report Date 2017)	2017 (Fire Relief Report Date 2016)	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
Total Pension Liability								
Service cost	\$ 136,517	\$ 173,888	\$ 171,379	\$ 197,738	\$ 192,915	\$ 147,752	\$ 152,797	\$ 149,070
Interest on pension liability (asset)	165,036	194,716	205,260	232,865	224,791	173,689	151,603	149,666
Changes of assumptions	-	(75,515)	-	32,691	-	33,665	-	-
Plan changes	222,566	209,402	225,435	81,241	-	879,054	-	-
Loss	-	(393,205)	-	(290,848)	-	(105,129)	-	-
Benefit payments	(475,846)	(747,268)	(845,318)	(245,000)	(319,214)	-	(168,074)	(55,673)
Net Change in Total Pension Liability	48,273	(637,982)	(243,244)	8,687	98,492	1,129,031	136,326	243,063
Total Pension Liability - January 1	3,102,056	3,740,038	3,983,282	3,974,595	3,876,103	2,747,072	2,610,746	2,367,683
Total Pension Liability - December 31 (a)	\$ 3,150,329	\$ 3,102,056	\$ 3,740,038	\$ 3,983,282	\$ 3,974,595	\$ 3,876,103	\$ 2,747,072	\$ 2,610,746
Plan Fiduciary Net Position								
Employer contributions	\$ 87,475	\$ 85,075	\$ 82,775	\$ 80,475	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Nonemployer contributions	239,102	226,652	213,866	205,308	198,234	195,016	192,612	180,645
Projected investment return	303,616	300,347	281,966	330,578	286,264	271,808	277,385	221,943
Gain (loss)	237,525	65,735	554,080	(690,670)	520,427	122,761	(497,477)	-
Benefit payments	(475,846)	(747,268)	(845,318)	(245,000)	(319,214)	-	(168,074)	(55,673)
Administrative expenses	(17,967)	(10,525)	(8,950)	(8,008)	(8,822)	(7,600)	(7,700)	(6,752)
Net Change in Plan Fiduciary Net Position	373,905	(79,984)	278,419	(327,317)	701,889	606,985	(178,254)	365,163
Plan Fiduciary Net Position - January 1	5,603,910	5,683,894	5,405,475	5,732,792	5,030,903	4,423,918	4,602,172	4,237,009
Plan Fiduciary Net Position - December 31 (b)	\$ 5,977,815	\$ 5,603,910	\$ 5,683,894	\$ 5,405,475	\$ 5,732,792	\$ 5,030,903	\$ 4,423,918	\$ 4,602,172
Fire Relief's Net Pension Liability (Asset) - December 31 (a-b)	\$ (2,827,486)	\$ (2,501,854)	\$ (1,943,856)	\$ (1,422,193)	\$ (1,758,197)	\$ (1,154,800)	\$ (1,676,846)	\$ (1,991,426)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (B/A)	189.75%	180.65%	151.97%	135.70%	144.24%	129.79%	161.04%	176.28%
Covered Payroll	N/A							
Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered Payroll	N/A							

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Notes to the Required Supplementary Information - Fire Relief Association

Changes in Actuarial Assumptions

2022 - The vesting schedule was changed to 7 year partial vesting and 15 year full vesting.

2021 - A termination scale was added to reflect members resigning prior to retirement age.

2020 - There were no changes since the previous valuation.

2019- There were no changes since the previous valuation.

2018 - The discount rate changed from 5.75% to 5.00%.

2017- There were no changes since the previous valuation.

2016 - The discount rate changed from 6.00% to 5.75%.

2015 - The benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

City of Inver Grove Heights, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2022

Notes to the Required Supplementary Information - Fire Relief Association (Continued)

Changes in Plan Provisions

- 2022 - There were no changes since the previous valuation.
- 2021 - The benefit level changed from \$8,600 to \$10,000
- 2020 - There were no changes since the previous valuation.
- 2019 - A benefit level increase from \$8,100 to \$8,600 was reflected in the active liability
- 2018 - The benefit level changed from \$7,900 to \$8,100.
- 2017 - There were no changes since the previous valuation.
- 2016 - The benefit level changed from \$5,900 to \$7,900.
- 2015 - There were no changes since the previous valuation.

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/22	\$ 251,695	\$ 251,695	\$ -
12/31/21	235,102	235,102	-
12/31/20	222,652	222,652	-
12/31/19	209,866	209,866	-
12/31/18	203,308	283,783	(80,475)
12/31/17	195,234	220,234	(25,000)
12/31/16	195,016	220,016	(25,000)
12/31/15	190,612	215,612	(25,000)
12/31/14	205,645	205,645	-

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

Schedule of Changes in the City's Total OPEB Liability and Related Ratios

	2022	2021	2020	2019
Total OPEB Liability				
Service cost	\$ 60,250	\$ 64,137	\$ 53,871	\$ 36,389
Interest	16,502	22,584	26,207	22,943
Differences between expected and actual experience	24,350	39,540	39,601	-
Changes in assumptions	4,578	-	23,458	(20,393)
Benefit payments	(92,091)	(59,890)	(68,517)	(55,701)
Net Change in Total OPEB Liability	13,589	66,371	74,620	(16,762)
Total OPEB Liability - Beginning January 1,	810,707	744,336	669,716	686,478
Total OPEB Liability - Ending December 31,	<u>\$ 824,296</u>	<u>\$ 810,707</u>	<u>\$ 744,336</u>	<u>\$ 669,716</u>
Covered-Employee Payroll	\$ 14,804,333	\$ 13,228,917	\$ 12,812,510	\$ 10,686,455
City's total OPEB liability as a percentage of covered-employee payroll	5.57 %	6.13 %	5.81 %	6.27 %

Changes in Assumptions:

For the fiscal year ending December 31, 2022

The health care trend rates, mortality tables, salary increase rates, retirement rates, and withdrawal rates were updated

The inflation rate was changed from 2.50% to 2.00%

In 2021, the following assumptions changes:

The discount rate was changed from 2.90% to 2.00%

In 2020, the following assumptions changes:

The health care trend rates, mortality tables, and salary increase rates were updated.

The discount rate was changed from 3.80% to 2.90%

In 2019, the following assumptions changes:

The discount rate was changed from 3.30% to 3.80%

In 2018, the following assumptions changes:

The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2014 Generational Improvement Scale (Blue Collar Tables for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables (de-trended to 2006) and then projected beyond the valuation date using scale MP-2017 (Blue Collar Tables for Police and Fire Personnel).

The subsidized benefits for the officers injured in the line of duty are assumed to end after five years for the two individuals under age 40 as of the valuation date and at age 65 for the one individual over age 55 as of the valuation date.

The withdrawal and retirement tables for all employees were updated.

The discount rate was changed from 4.00% to 3.30%

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Note: There are no assets accumulated in a trust to pay related benefits for the above OPEB plan.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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NONMAJOR GOVERNMENTAL FUNDS

City of Inver Grove Heights, Minnesota
 Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2022

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash and temporary investments	\$ 478,985	\$ 12,985,762	\$ 13,464,747
Receivables			
Accrued interest	1,485	50,808	52,293
Taxes	5,982	-	5,982
Special assessments	-	8,000	8,000
Due from other governments	10,000	-	10,000
Prepaid items	640	-	640
Land held for resale	1,138,500	-	1,138,500
	<u>1,138,500</u>	<u>-</u>	<u>1,138,500</u>
Total Assets	<u>\$ 1,635,592</u>	<u>\$ 13,044,570</u>	<u>\$ 14,680,162</u>
Liabilities			
Accounts and contracts payable	\$ 23,531	\$ 33,248	\$ 56,779
Accrued salaries payable	344	-	344
Advances from other funds	1,000,000	-	1,000,000
Unearned revenue	10,000	-	10,000
Total Liabilities	<u>1,033,875</u>	<u>33,248</u>	<u>1,067,123</u>
Deferred Inflows of Resources			
Unavailable revenues - special assessments	-	8,000	8,000
	<u>-</u>	<u>8,000</u>	<u>8,000</u>
Fund Balances			
Nonspendable	640	-	640
Restricted	95,240	8,022,097	8,117,337
Committed	505,837	-	505,837
Assigned	-	4,981,225	4,981,225
Total Fund Balances	<u>601,717</u>	<u>13,003,322</u>	<u>13,605,039</u>
	<u>601,717</u>	<u>13,003,322</u>	<u>13,605,039</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,635,592</u>	<u>\$ 13,044,570</u>	<u>\$ 14,680,162</u>

City of Inver Grove Heights, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2022

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 128,548	\$ 2,567	\$ 131,115
Intergovernmental	11,000	415,625	426,625
Charges for services	90	1,001,890	1,001,980
Investment earnings (loss)	(4,358)	(292,565)	(296,923)
Miscellaneous	95,240	45,132	140,372
Total Revenues	<u>230,520</u>	<u>1,172,649</u>	<u>1,403,169</u>
Expenditures			
Current			
Public works	-	50,105	50,105
Culture and recreation	146,128	-	146,128
Community development	39,069	2,104	41,173
Capital outlay			
Public works	-	27,552	27,552
Culture and recreation	-	417,076	417,076
Total Expenditures	<u>185,197</u>	<u>496,837</u>	<u>682,034</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>45,323</u>	<u>675,812</u>	<u>721,135</u>
Other Financing Sources (Uses)			
Transfers in	90,800	953,385	1,044,185
Transfers out	(447,121)	(229,090)	(676,211)
Total Other Financing Sources (Uses)	<u>(356,321)</u>	<u>724,295</u>	<u>367,974</u>
Net Change in Fund Balances	(310,998)	1,400,107	1,089,109
Fund Balances, January 1	<u>912,715</u>	<u>11,603,215</u>	<u>12,515,930</u>
Fund Balances, December 31	<u>\$ 601,717</u>	<u>\$ 13,003,322</u>	<u>\$ 13,605,039</u>

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NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Convention and Visitors Bureau was created by a resolution of the City Council to account for the local lodging tax revenues collected per Ordinance No. 1015, which was adopted by the City Council on October 8, 2001, under the authority of Minnesota statutes, section 469.190.

Recreation accounts for recreation activities of the City. The fund was closed in 2022.

Economic Development Authority accounts for the activities of the Economic Development Authority.

Opioid Settlement accounts for the opioid related settlement and uses of the funds as stipulated in the settlement agreement.

City of Inver Grove Heights, Minnesota
 Nonmajor Special Revenue Funds
 Subcombining Balance Sheet
 December 31, 2022

	Convention and Visitors Bureau	Recreation	Economic Development Authority	Opioid Settlement	Total
Assets					
Cash and temporary investments	\$ 97,646	\$ -	\$ 286,099	\$ 95,240	\$ 478,985
Receivables					
Accrued interest	344	-	1,141	-	1,485
Taxes	5,982	-	-	-	5,982
Due from other governments	10,000	-	-	-	10,000
Prepaid items	-	-	640	-	640
Land held for resale	-	-	1,138,500	-	1,138,500
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 113,972</u>	<u>\$ -</u>	<u>\$ 1,426,380</u>	<u>\$ 95,240</u>	<u>\$ 1,635,592</u>
Liabilities					
Accounts and contracts payable	\$ 18,829	\$ -	\$ 4,702	\$ -	\$ 23,531
Accrued salaries payable	-	-	344	-	344
Advances from other funds	-	-	1,000,000	-	1,000,000
Unearned revenue	10,000	-	-	-	10,000
Total Liabilities	<u>28,829</u>	<u>-</u>	<u>1,005,046</u>	<u>-</u>	<u>1,033,875</u>
Fund Balances					
Nonspendable	-	-	640	-	640
Restricted	-	-	-	95,240	95,240
Committed	85,143	-	420,694	-	505,837
Total Fund Balances	<u>85,143</u>	<u>-</u>	<u>421,334</u>	<u>95,240</u>	<u>601,717</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 113,972</u>	<u>\$ -</u>	<u>\$ 1,426,380</u>	<u>\$ 95,240</u>	<u>\$ 1,635,592</u>

City of Inver Grove Heights, Minnesota
Nonmajor Special Revenue Funds
Subcombining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2022

	Convention and Visitors Bureau	Recreation	Economic Development Authority	Opioid Settlement	Total
Revenues					
Taxes					
Lodging	\$ 128,548	\$ -	\$ -	\$ -	\$ 128,548
Intergovernmental	11,000	-	-	-	11,000
Charges for services	-	90	-	-	90
Investment earnings (loss)	(1,930)	4,065	(6,493)	-	(4,358)
Miscellaneous	-	-	-	95,240	95,240
Total Revenues	<u>137,618</u>	<u>4,155</u>	<u>(6,493)</u>	<u>95,240</u>	<u>230,520</u>
Expenditures					
Current					
Culture and recreation	146,128	-	-	-	146,128
Community development	-	-	39,069	-	39,069
Total Expenditures	<u>146,128</u>	<u>-</u>	<u>39,069</u>	<u>-</u>	<u>185,197</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,510)</u>	<u>4,155</u>	<u>(45,562)</u>	<u>95,240</u>	<u>45,323</u>
Other Financing Sources (Uses)					
Transfers in	-	-	90,800	-	90,800
Transfers out	(6,427)	(440,694)	-	-	(447,121)
Total Other Financing Sources (Uses)	<u>(6,427)</u>	<u>(440,694)</u>	<u>90,800</u>	<u>-</u>	<u>(356,321)</u>
Net Change in Fund Balances	<u>(14,937)</u>	<u>(436,539)</u>	<u>45,238</u>	<u>95,240</u>	<u>(310,998)</u>
Fund Balances, January 1	<u>100,080</u>	<u>436,539</u>	<u>376,096</u>	<u>-</u>	<u>912,715</u>
Fund Balances, December 31	<u>\$ 85,143</u>	<u>\$ -</u>	<u>\$ 421,334</u>	<u>\$ 95,240</u>	<u>\$ 601,717</u>

City of Inver Grove Heights, Minnesota
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Convention and Visitors Bureau Special Revenue Fund
For the Year Ended December 31, 2022

	<u>Budget Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
Revenues			
Lodging taxes	\$ 125,000	\$ 128,548	\$ 3,548
Intergovernmental	13,900	11,000	(2,900)
Investment earnings (loss)	-	(1,930)	(1,930)
Total Revenues	<u>138,900</u>	<u>137,618</u>	<u>(1,282)</u>
Expenditures			
Current			
Culture and recreation	<u>132,650</u>	<u>146,128</u>	<u>(13,478)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,250	(8,510)	(14,760)
Other Financing Uses			
Transfers out	<u>(6,250)</u>	<u>(6,427)</u>	<u>(177)</u>
Net Change in Fund Balances	-	(14,937)	(14,937)
Fund Balances, January 1	<u>100,080</u>	<u>100,080</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 100,080</u>	<u>\$ 85,143</u>	<u>\$ (14,937)</u>

City of Inver Grove Heights, Minnesota
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Recreation Special Revenue Fund
For the Year Ended December 31, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 207,900	\$ -	\$ 90	\$ 90
Investment earnings	2,500	-	4,065	4,065
Miscellaneous	17,400	-	-	-
Total Revenues	<u>227,800</u>	<u>-</u>	<u>4,155</u>	<u>4,155</u>
Expenditures				
Current				
Culture and recreation	<u>552,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(325,000)</u>	<u>-</u>	<u>4,155</u>	<u>4,155</u>
Other Financing Sources				
Transfers in	299,300	-	-	-
Transfers out	-	-	(440,694)	(440,694)
Total other financing sources (uses)	<u>299,300</u>	<u>-</u>	<u>(440,694)</u>	<u>(440,694)</u>
Net Change in Fund Balances	(25,700)	-	(436,539)	(436,539)
Fund Balances, January 1	<u>436,539</u>	<u>436,539</u>	<u>436,539</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 410,839</u>	<u>\$ 436,539</u>	<u>\$ -</u>	<u>\$ (436,539)</u>

City of Inver Grove Heights, Minnesota
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual
 Economic Development Authority Special Revenue Fund
 For the Year Ended December 31, 2022

	<u>Budget Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
Revenues			
Investment earnings (loss)	\$ -	\$ (6,493)	\$ (6,493)
Expenditures			
Current			
Community development	87,200	39,069	48,131
Deficiency of Revenues Under Expenditures	(87,200)	(45,562)	41,638
Other Financing Sources			
Transfers in	65,800	90,800	25,000
Net Change in Fund Balances	(21,400)	45,238	66,638
Fund Balances, January 1	376,096	376,096	-
Fund Balances, December 31	<u>\$ 354,696</u>	<u>\$ 421,334</u>	<u>\$ 66,638</u>

NONMAJOR CAPITAL PROJECTS FUNDS

Capital Project funds account for financial resources to be used for acquisition or construction of major capital facilities (other than those financed by Proprietary funds).

Parks Acquisition and Development accounts for park dedication fees, related revenues and park and/or trail improvements.

State Aid Construction accounts for the use of municipal state aid allotments to finance projects not assessed such as street lights, sidewalks, and streets.

Capital Improvement Revolving closed to Storm Water Operating Fund in 2022.

City Properties accounts for financial resources assigned for future city property purchases and sales.

Tree Preservation accounts for financial resources assigned for tree preservation.

Parks Capital Replacement accounts for financial resources assigned for maintenance and replacement of parks facilities.

Americans with Disabilities Act closed to City Facilities in 2022.

Emerald Ash Borer accounts for financial resources assigned for future emerald ash borer projects.

Permanent Improvement Revolving closed to Storm Water Operating Fund in 2022.

Tax Increment Financing accounts for the use of tax increment in the City's tax increment districts.

City of Inver Grove Heights, Minnesota
 Nonmajor Capital Projects Funds
 Subcombining Balance Sheet
 December 31, 2022

	Parks Acquisition and Development	State Aid Construction	Capital Improvement Revolving	City Properties	Tree Preservation
Assets					
Cash and temporary investments	\$ 5,228,206	\$ 453,637	\$ -	\$ 373,776	\$ 826,827
Receivables					
Accrued interest	20,963	1,933	-	151	2,401
Special assessments	-	-	-	8,000	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 5,249,169</u>	<u>\$ 455,570</u>	<u>\$ -</u>	<u>\$ 381,927</u>	<u>\$ 829,228</u>
Liabilities					
Accounts and contracts payable	<u>\$ 31,397</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred Inflows of Resources					
Unavailable revenues - special assessments	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>-</u>
Fund Balances					
Restricted	3,247,405	-	-	-	829,228
Assigned	<u>1,970,367</u>	<u>455,570</u>	<u>-</u>	<u>373,927</u>	<u>-</u>
Total Fund Balances	<u>5,217,772</u>	<u>455,570</u>	<u>-</u>	<u>373,927</u>	<u>829,228</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,249,169</u>	<u>\$ 455,570</u>	<u>\$ -</u>	<u>\$ 381,927</u>	<u>\$ 829,228</u>

Parks Capital Replacement	Americans with Disabilities Act	Emerald Ash Borer	Permanent Improvement Revolving	Tax Increment Financing	Total
\$ 2,116,153	\$ -	\$ 58,442	\$ -	\$ 3,928,721	\$ 12,985,762
8,166	-	451	-	16,743	50,808
-	-	-	-	-	8,000
<u>\$ 2,124,319</u>	<u>\$ -</u>	<u>\$ 58,893</u>	<u>\$ -</u>	<u>\$ 3,945,464</u>	<u>\$ 13,044,570</u>
\$ 1,851	\$ -	\$ -	\$ -	\$ -	\$ 33,248
-	-	-	-	-	8,000
-	-	-	-	3,945,464	8,022,097
2,122,468	-	58,893	-	-	4,981,225
<u>2,122,468</u>	<u>-</u>	<u>58,893</u>	<u>-</u>	<u>3,945,464</u>	<u>13,003,322</u>
<u>\$ 2,124,319</u>	<u>\$ -</u>	<u>\$ 58,893</u>	<u>\$ -</u>	<u>\$ 3,945,464</u>	<u>\$ 13,044,570</u>

City of Inver Grove Heights, Minnesota
 Nonmajor Capital Projects Funds
 Subcombining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2022

	Parks Acquisition and Development	State Aid Construction	Capital Improvement Revolving	City Properties	Tree Preservation
Revenues					
Tax increments	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	415,625	-	-	-	-
Charges for services	465,090	-	-	-	536,800
Investment earnings (loss)	(121,865)	(10,805)	(1,667)	(2,053)	(14,157)
Miscellaneous	4,750	-	-	-	-
Total Revenues	<u>763,600</u>	<u>(10,805)</u>	<u>(1,667)</u>	<u>(2,053)</u>	<u>522,643</u>
Expenditures					
Current					
Public works	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay					
Public works	-	-	-	-	-
Culture and recreation	315,445	-	-	-	-
Total Expenditures	<u>315,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>448,155</u>	<u>(10,805)</u>	<u>(1,667)</u>	<u>(2,053)</u>	<u>522,643</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	269,418	-
Transfers out	-	-	(895)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(895)</u>	<u>269,418</u>	<u>-</u>
Net Change in Fund Balances	448,155	(10,805)	(2,562)	267,365	522,643
Fund Balances, January 1	<u>4,769,617</u>	<u>466,375</u>	<u>2,562</u>	<u>106,562</u>	<u>306,585</u>
Fund Balances, December 31	<u>\$ 5,217,772</u>	<u>\$ 455,570</u>	<u>\$ -</u>	<u>\$ 373,927</u>	<u>\$ 829,228</u>

Parks Capital Replacement	Americans with Disabilities Act	Emerald Ash Borer	Permanent Improvement Revolving	Tax Increment Financing	Total
\$ -	\$ -	\$ -	\$ -	\$ 2,567	\$ 2,567
-	-	-	-	-	415,625
-	-	-	-	-	1,001,890
(46,824)	847	(2,438)	1	(93,604)	(292,565)
40,382	-	-	-	-	45,132
<u>(6,442)</u>	<u>847</u>	<u>(2,438)</u>	<u>1</u>	<u>(91,037)</u>	<u>1,172,649</u>
-	-	50,105	-	-	50,105
-	-	-	-	2,104	2,104
-	27,552	-	-	-	27,552
101,631	-	-	-	-	417,076
<u>101,631</u>	<u>27,552</u>	<u>50,105</u>	<u>-</u>	<u>2,104</u>	<u>496,837</u>
<u>(108,073)</u>	<u>(26,705)</u>	<u>(52,543)</u>	<u>1</u>	<u>(93,141)</u>	<u>675,812</u>
683,967	-	-	-	-	953,385
-	(226,029)	-	(2,166)	-	(229,090)
<u>683,967</u>	<u>(226,029)</u>	<u>-</u>	<u>(2,166)</u>	<u>-</u>	<u>724,295</u>
575,894	(252,734)	(52,543)	(2,165)	(93,141)	1,400,107
1,546,574	252,734	111,436	2,165	4,038,605	11,603,215
<u>\$ 2,122,468</u>	<u>\$ -</u>	<u>\$ 58,893</u>	<u>\$ -</u>	<u>\$ 3,945,464</u>	<u>\$ 13,003,322</u>

City of Inver Grove Heights, Minnesota
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual (Continued on the Following Pages)
 For the Year Ended December 31, 2022
 (With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			Variance with Final Budget	2021
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property taxes	\$ 22,993,570	\$ 22,993,570	\$ 22,981,792	\$ (11,778)	\$ 21,080,275
Cable franchise fees	105,000	105,000	111,131	6,131	103,759
Total taxes	<u>23,098,570</u>	<u>23,098,570</u>	<u>23,092,923</u>	<u>(5,647)</u>	<u>21,184,034</u>
Licenses and permits					
Business	1,655,340	1,655,340	1,791,487	136,147	1,915,575
Nonbusiness	22,100	22,100	28,705	6,605	23,558
Total licenses and permits	<u>1,677,440</u>	<u>1,677,440</u>	<u>1,820,192</u>	<u>142,752</u>	<u>1,939,133</u>
Intergovernmental					
Federal					
Other	1,204,590	1,214,969	940,197	(274,772)	152,671
State					
Police and fire aid	689,500	689,500	712,264	22,764	713,894
Other	-	-	57,187	57,187	16,000
County	15,000	15,000	15,315	315	16,075
Local	102,000	102,000	108,285	6,285	79,579
Total intergovernmental	<u>2,011,090</u>	<u>2,021,469</u>	<u>1,833,248</u>	<u>(188,221)</u>	<u>978,219</u>
Charges for services					
General government	4,500	4,500	7,118	2,618	7,530
Public safety	33,500	33,500	46,867	13,367	54,312
Parks and Recreation	-	207,900	251,210	43,310	-
Public works	385,700	385,700	265,633	(120,067)	250,460
Rentals	235,000	235,000	250,661	15,661	250,915
Community development	32,000	32,000	21,388	(10,612)	85,592
Total charges for services	<u>690,700</u>	<u>898,600</u>	<u>842,877</u>	<u>(55,723)</u>	<u>648,809</u>
Fines and forfeitures	180,000	180,000	193,985	13,985	166,286
Special assessments	1,500	1,500	33,212	31,712	3,873
Investment earnings (loss)	145,000	147,500	(189,568)	(337,068)	(78,171)
Miscellaneous					
Donations	-	14,400	16,580	2,180	6,170
Other	25,200	28,200	140,162	111,962	188,997
Total miscellaneous	<u>25,200</u>	<u>42,600</u>	<u>156,742</u>	<u>114,142</u>	<u>195,167</u>
Total Revenues	<u>27,829,500</u>	<u>28,067,679</u>	<u>27,783,611</u>	<u>(284,068)</u>	<u>25,037,350</u>

City of Inver Grove Heights, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2022
(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and city council					
Personnel services	\$ 48,400	\$ 48,400	\$ 48,350	\$ 50	\$ 48,422
Supplies	800	800	1,017	(217)	1,323
Other services and charges	128,600	128,600	183,427	(54,827)	249,369
Total mayor and city council	<u>177,800</u>	<u>177,800</u>	<u>232,794</u>	<u>(54,994)</u>	<u>299,114</u>
City administration					
Personnel services	1,756,900	1,756,900	1,755,188	1,712	1,668,083
Supplies	25,000	25,000	25,037	(37)	25,337
Other services and charges	772,600	772,600	753,506	19,094	818,375
Total city administration	<u>2,554,500</u>	<u>2,554,500</u>	<u>2,533,731</u>	<u>20,769</u>	<u>2,511,795</u>
Elections					
Personnel services	121,000	121,000	100,899	20,101	13,000
Supplies	14,679	14,679	15,906	(1,227)	400
Other services and charges	(10,569)	24,431	20,744	3,687	3,347
Total elections	<u>125,110</u>	<u>160,110</u>	<u>137,549</u>	<u>22,561</u>	<u>16,747</u>
Financial administration					
Personnel services	1,018,700	1,018,700	902,011	116,689	890,551
Supplies	44,300	44,300	41,303	2,997	41,325
Other services and charges	122,600	138,600	151,595	(12,995)	135,787
Total financial administration	<u>1,185,600</u>	<u>1,201,600</u>	<u>1,094,909</u>	<u>106,691</u>	<u>1,067,663</u>
Total general government	<u>4,043,010</u>	<u>4,094,010</u>	<u>3,998,983</u>	<u>95,027</u>	<u>3,895,319</u>
Public safety					
Police					
Personnel services	7,464,700	7,464,700	7,389,948	74,752	6,668,500
Supplies	181,260	202,139	197,530	4,609	140,683
Other services and charges	2,258,625	2,258,625	2,058,775	199,850	2,247,187
Total police	<u>9,904,585</u>	<u>9,925,464</u>	<u>9,646,253</u>	<u>279,211</u>	<u>9,056,370</u>
Fire					
Personnel services	3,417,100	3,417,100	3,141,638	275,462	2,279,188
Supplies	170,700	278,713	229,052	49,661	116,818
Other services and charges	1,315,700	1,465,700	1,287,527	178,173	1,100,539
Total fire	<u>4,903,500</u>	<u>5,161,513</u>	<u>4,658,217</u>	<u>503,296</u>	<u>3,496,545</u>
Total public safety	<u>14,808,085</u>	<u>15,086,977</u>	<u>14,304,470</u>	<u>782,507</u>	<u>12,552,915</u>

City of Inver Grove Heights, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2022
(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public works					
Streets and highways					
Personnel services	\$ 228,300	\$ 228,300	\$ 203,785	\$ 24,515	\$ 64,422
Supplies	5,400	5,400	5,243	157	6,258
Other services and charges	39,600	39,600	29,878	9,722	116,732
Total streets and highways	<u>273,300</u>	<u>273,300</u>	<u>238,906</u>	<u>34,394</u>	<u>187,412</u>
Engineering					
Personnel services	1,008,700	1,008,700	906,549	102,151	961,045
Supplies	30,695	30,695	20,374	10,321	28,288
Other services and charges	139,060	139,060	133,496	5,564	86,722
Total engineering	<u>1,178,455</u>	<u>1,178,455</u>	<u>1,060,419</u>	<u>118,036</u>	<u>1,076,055</u>
Street maintenance					
Personnel services	1,071,500	1,071,500	1,123,236	(51,736)	1,082,918
Supplies	412,900	412,900	323,807	89,093	377,485
Other services and charges	1,563,400	1,563,400	1,604,003	(40,603)	1,375,204
Total street maintenance	<u>3,047,800</u>	<u>3,047,800</u>	<u>3,051,046</u>	<u>(3,246)</u>	<u>2,835,607</u>
Street lighting					
Other services and charges	183,000	183,000	160,088	22,912	167,001
Total public works	<u>4,682,555</u>	<u>4,682,555</u>	<u>4,510,459</u>	<u>172,096</u>	<u>4,266,075</u>
Culture and recreation					
Parks					
Personnel services	1,192,000	1,192,000	1,242,214	(50,214)	1,210,538
Supplies	197,800	197,800	194,736	3,064	174,156
Other services and charges	771,900	824,900	811,299	13,601	778,089
Total Parks	<u>2,161,700</u>	<u>2,214,700</u>	<u>2,248,249</u>	<u>(33,549)</u>	<u>2,162,783</u>
Recreation					
Personnel services	-	377,400	344,084	33,316	-
Supplies	-	35,020	32,913	2,107	-
Other services and charges	-	140,380	157,615	(17,235)	-
Total Recreation	<u>-</u>	<u>552,800</u>	<u>534,612</u>	<u>18,188</u>	<u>-</u>
Total culture and recreation	<u>2,161,700</u>	<u>2,767,500</u>	<u>2,782,861</u>	<u>(15,361)</u>	<u>2,162,783</u>
Community development					
Community development					
Personnel services	420,200	420,200	422,652	(2,452)	420,542
Supplies	4,800	4,800	5,579	(779)	4,316
Other services and charges	29,350	29,350	39,613	(10,263)	74,976
Total community development	<u>454,350</u>	<u>454,350</u>	<u>467,844</u>	<u>(13,494)</u>	<u>499,834</u>

City of Inver Grove Heights, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2022
(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Community development (continued)					
Planning					
Personnel services	\$ 291,100	\$ 291,100	\$ 277,046	\$ 14,054	\$ 300,284
Supplies	7,400	7,400	7,125	275	6,863
Other services and charges	244,500	94,500	71,273	23,227	106,069
Total planning	<u>543,000</u>	<u>393,000</u>	<u>355,444</u>	<u>37,556</u>	<u>413,216</u>
Inspections					
Personnel services	956,400	956,400	974,729	(18,329)	826,937
Supplies	13,900	13,900	14,894	(994)	12,466
Other services and charges	94,520	99,520	94,582	4,938	91,682
Total inspections	<u>1,064,820</u>	<u>1,069,820</u>	<u>1,084,205</u>	<u>(14,385)</u>	<u>931,085</u>
Total community development	<u>2,062,170</u>	<u>1,917,170</u>	<u>1,907,493</u>	<u>9,677</u>	<u>1,844,135</u>
Total current	<u>27,757,520</u>	<u>28,548,212</u>	<u>27,504,266</u>	<u>1,043,946</u>	<u>24,721,227</u>
Debt service					
Principal	-	-	149,308	(149,308)	-
Interest and other	-	-	11,721	(11,721)	-
Total debt service	<u>-</u>	<u>-</u>	<u>161,029</u>	<u>(161,029)</u>	<u>-</u>
Capital outlay					
Public safety	<u>87,780</u>	<u>159,780</u>	<u>92,435</u>	<u>67,345</u>	<u>394,842</u>
Total Expenditures	<u>27,845,300</u>	<u>28,707,992</u>	<u>27,757,730</u>	<u>950,262</u>	<u>25,116,069</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,800)</u>	<u>(640,313)</u>	<u>25,881</u>	<u>666,194</u>	<u>(78,719)</u>
Other Financing Sources (Uses)					
Transfers in	671,200	671,200	872,198	200,998	1,027,299
Lease issued	-	-	58,318	58,318	-
Transfers out	(655,400)	(374,100)	(400,991)	(26,891)	(654,837)
Total Other Financing Sources (Uses)	<u>15,800</u>	<u>297,100</u>	<u>529,525</u>	<u>232,425</u>	<u>372,462</u>
Net Change in Fund Balances	-	(343,213)	555,406	898,619	293,743
Fund Balances, January 1	<u>13,208,391</u>	<u>13,208,391</u>	<u>13,208,391</u>	-	<u>12,914,648</u>
Fund Balances, December 31	<u>\$ 13,208,391</u>	<u>\$ 12,865,178</u>	<u>\$ 13,763,797</u>	<u>\$ 898,619</u>	<u>\$ 13,208,391</u>

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INTERNAL SERVICE FUNDS

Internal Service funds are used to account for the financing of goods or services provided by one department to other departments of the City, on a cost reimbursement basis. Revenues are recognized in the accounting period in which they are earned and become objectively measurable; expenses are recognized in the period incurred, if objectively measurable.

Compensated Absences was established to account for payment of unused vacation, sick, personal leave, severance and also the allocation of such costs to respective departments.

Risk Management was established to account for all City insurance programs related to the ongoing operations with the exception of employee benefit coverage.

Central Equipment was established to account for the cost of operating a maintenance facility and providing vehicles and equipment used by City departments and funds. The exception is the Golf Course fund which maintains its own equipment and vehicles.

Central Stores closed out to City Facilities in 2022.

City Facilities was established to account for the cost of maintaining City Hall. User departments are charged a rental fee based upon square footage.

Technology was established to account for the maintenance of all computer systems of the City.

City of Inver Grove Heights, Minnesota
Internal Service Funds
Combining Statement of Net Position
December 31, 2022

	Compensated Absences	Risk Management	Central Equipment	Central Stores
Assets				
Current Assets				
Cash and temporary investments	\$ 2,600,128	\$ 1,156,416	\$ 11,973,760	\$ -
Receivables				
Accrued interest	10,594	4,764	48,320	-
Due from other funds	-	-	243,606	-
Inventories	-	-	108,488	-
Prepaid items	-	195,982	24	-
Total Current Assets	<u>2,610,722</u>	<u>1,357,162</u>	<u>12,374,198</u>	<u>-</u>
Noncurrent Assets				
Advance to other funds	-	-	3,253,683	-
Capital assets				
Land	-	-	209,122	-
Buildings and systems	-	-	1,708,857	-
Improvements other than buildings	-	-	240,717	-
Machinery and equipment	-	-	14,395,405	-
Less accumulated depreciation/amortization	-	-	(11,324,557)	-
Total Capital Assets (Net of Accumulated Depreciation)	<u>-</u>	<u>-</u>	<u>5,229,544</u>	<u>-</u>
Total Long-term Assets	<u>-</u>	<u>-</u>	<u>8,483,227</u>	<u>-</u>
Total Assets	<u>2,610,722</u>	<u>1,357,162</u>	<u>20,857,425</u>	<u>-</u>
Deferred Outflows of Resources				
Deferred pension resources	-	5,164	121,301	-
Liabilities				
Current Liabilities				
Accounts and contracts payable	-	6,847	72,138	-
Accrued salaries payable	-	405	17,846	-
Due to other governments	-	-	25	-
Compensated absences payable - current	1,149,046	1,076	53,772	-
Total Current Liabilities	<u>1,149,046</u>	<u>8,328</u>	<u>143,781</u>	<u>-</u>
Noncurrent Liabilities				
Compensated absences payable	1,488,309	2,177	50,611	-
Net pension liability	-	16,788	392,397	-
Total Noncurrent Liabilities	<u>1,488,309</u>	<u>18,965</u>	<u>443,008</u>	<u>-</u>
Total Liabilities	<u>2,637,355</u>	<u>27,293</u>	<u>586,789</u>	<u>-</u>
Deferred Inflows of Resources				
Deferred pension resources	-	226	5,313	-
Net Position				
Investment in capital assets	-	-	5,229,544	-
Unrestricted	(26,633)	1,334,807	15,157,080	-
Total Net Position	<u>\$ (26,633)</u>	<u>\$ 1,334,807</u>	<u>\$ 20,386,624</u>	<u>\$ -</u>

City Facilities	Technology	Total
\$ 1,710,225	\$ 930,427	\$ 18,370,956
6,124	4,172	73,974
-	-	243,606
-	-	108,488
4,046	-	200,052
<u>1,720,395</u>	<u>934,599</u>	<u>18,997,076</u>
-	-	<u>3,253,683</u>
-	-	209,122
15,700,645	-	17,409,502
-	-	240,717
138,334	1,211,593	15,745,332
<u>(4,439,622)</u>	<u>(977,993)</u>	<u>(16,742,172)</u>
<u>11,399,357</u>	<u>233,600</u>	<u>16,862,501</u>
<u>11,399,357</u>	<u>233,600</u>	<u>20,116,184</u>
<u>13,119,752</u>	<u>1,168,199</u>	<u>39,113,260</u>
<u>64,505</u>	-	<u>190,970</u>
84,155	23,559	186,699
5,017	-	23,268
-	-	25
17,256	-	1,221,150
<u>106,428</u>	<u>23,559</u>	<u>1,431,142</u>
20,772	-	1,561,869
207,277	-	616,462
<u>228,049</u>	-	<u>2,178,331</u>
<u>334,477</u>	<u>23,559</u>	<u>3,609,473</u>
<u>2,825</u>	-	<u>8,364</u>
11,399,357	233,600	16,862,501
<u>1,447,598</u>	<u>911,040</u>	<u>18,823,892</u>
<u>\$ 12,846,955</u>	<u>\$ 1,144,640</u>	<u>\$ 35,686,393</u>

City of Inver Grove Heights, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2022

	Compensated Absences	Risk Management	Central Equipment	Central Stores
Operating Revenues				
Charges for services	\$ 179,491	\$ 1,161,900	\$ 3,169,200	\$ 129,400
Operating Expenses				
Personnel services	254,741	22,938	600,136	-
Other current expenses	-	1,079,971	942,591	70,172
Depreciation and amortization	-	-	975,085	-
Total Operating Expenses	<u>254,741</u>	<u>1,102,909</u>	<u>2,517,812</u>	<u>70,172</u>
Operating Income (Loss)	<u>(75,250)</u>	<u>58,991</u>	<u>651,388</u>	<u>59,228</u>
Nonoperating Revenues				
Investment earnings (loss)	47,236	(26,927)	(271,817)	11,320
Miscellaneous revenues	-	102,683	5,895	1,029
Gain on sale of capital assets	-	-	245,535	-
Total Nonoperating Revenues	<u>47,236</u>	<u>75,756</u>	<u>(20,387)</u>	<u>12,349</u>
Income (Loss) Before Transfers	<u>(28,014)</u>	<u>134,747</u>	<u>631,001</u>	<u>71,577</u>
Transfers In	-	-	2,000	-
Transfers Out	-	-	(72,000)	(652,300)
Change in Net Position	<u>(28,014)</u>	<u>134,747</u>	<u>561,001</u>	<u>(580,723)</u>
Net Position, January 1	<u>1,381</u>	<u>1,200,060</u>	<u>19,825,623</u>	<u>580,723</u>
Net Position, December 31	<u>\$ (26,633)</u>	<u>\$ 1,334,807</u>	<u>\$ 20,386,624</u>	<u>\$ -</u>

City Facilities	Technology	Total
\$ 752,804	\$ 65,100	\$ 5,457,895
342,601	-	1,220,416
964,086	67,448	3,124,268
640,629	32,773	1,648,487
<u>1,947,316</u>	<u>100,221</u>	<u>5,993,171</u>
(1,194,512)	(35,121)	(535,276)
(55,641)	(23,506)	(319,335)
361,012	-	470,619
-	-	245,535
<u>305,371</u>	<u>(23,506)</u>	<u>396,819</u>
(889,141)	(58,627)	(138,457)
882,518	18,000	902,518
<u>(20,633)</u>	<u>(75,000)</u>	<u>(819,933)</u>
(27,256)	(115,627)	(55,872)
<u>12,874,211</u>	<u>1,260,267</u>	<u>35,742,265</u>
<u>\$ 12,846,955</u>	<u>\$ 1,144,640</u>	<u>\$ 35,686,393</u>

City of Inver Grove Heights, Minnesota
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2022

	Compensated Absences	Risk Management	Central Equipment	Central Stores
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 179,491	\$ 1,161,900	\$ 3,169,200	\$ 129,400
Other operating receipts	-	102,612	4,238	1,029
Payments to suppliers	-	(1,112,845)	(996,596)	(71,001)
Payments to employees	(177,307)	(22,582)	(516,641)	-
Net Cash Provided (Used) by Operating Activities	<u>2,184</u>	<u>129,085</u>	<u>1,660,201</u>	<u>59,428</u>
Cash Flows from Noncapital Financing Activities				
Payments on interfund balances	-	-	267,097	-
Transfers from other funds	-	-	2,000	-
Transfers to other funds	-	-	(72,000)	(652,300)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>197,097</u>	<u>(652,300)</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	-	-	(996,338)	-
Cash Flows from Investing Activities				
Investment receipts (losses)	<u>46,019</u>	<u>(27,684)</u>	<u>(277,677)</u>	<u>13,616</u>
Net Increase (Decrease) in Cash and Cash Equivalents	48,203	101,401	583,283	(579,256)
Cash and Cash Equivalents, January 1	<u>2,551,925</u>	<u>1,055,015</u>	<u>11,390,477</u>	<u>579,256</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 2,600,128</u></u>	<u><u>\$ 1,156,416</u></u>	<u><u>\$ 11,973,760</u></u>	<u><u>\$ -</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (75,250)	\$ 58,991	\$ 651,388	\$ 59,228
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	-	-	975,085	-
Other income related to operations	-	102,683	5,895	1,029
(Increase) decrease in assets/deferred outflows of resources				
Inventories	-	-	(44,623)	-
Prepaid items	-	(38,873)	(24)	-
Deferred pension resources	-	1,059	3,782	-
Increase (decrease) in liabilities/deferred inflows of resources				
Accounts and contracts payable	-	5,999	(8,399)	(829)
Accrued salaries payable	-	66	9,138	-
Due to other governments	-	-	(959)	-
Compensated absences payable	77,434	(1,171)	6,767	-
Net pension liability	-	7,814	211,725	-
Deferred pension resources	-	(7,483)	(149,574)	-
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 2,184</u></u>	<u><u>\$ 129,085</u></u>	<u><u>\$ 1,660,201</u></u>	<u><u>\$ 59,428</u></u>
Schedule of Noncash Capital and Related Financing Activities				
Book value of assets disposed	\$ -	\$ -	\$ (97,158)	\$ -

City Facilities	Technology	Total
\$ 752,804	\$ 65,100	\$ 5,457,895
360,131	-	468,010
(974,421)	(43,889)	(3,198,752)
<u>(277,970)</u>	<u>-</u>	<u>(994,500)</u>
<u>(139,456)</u>	<u>21,211</u>	<u>1,732,653</u>
-	-	267,097
882,518	18,000	902,518
<u>(20,633)</u>	<u>(75,000)</u>	<u>(819,933)</u>
<u>861,885</u>	<u>(57,000)</u>	<u>349,682</u>
-	-	(996,338)
<u>(59,418)</u>	<u>(24,063)</u>	<u>(329,207)</u>
663,011	(59,852)	756,790
<u>1,047,214</u>	<u>990,279</u>	<u>17,614,166</u>
<u>\$ 1,710,225</u>	<u>\$ 930,427</u>	<u>\$ 18,370,956</u>
\$ (1,194,512)	\$ (35,121)	\$ (535,276)
640,629	32,773	1,648,487
361,012	-	470,619
-	-	(44,623)
(4,046)	-	(42,943)
(9,485)	-	(4,644)
(5,969)	23,559	14,361
2,014	-	11,218
(320)	-	(1,279)
8,360	-	91,390
128,239	-	347,778
<u>(65,378)</u>	<u>-</u>	<u>(222,435)</u>
<u>\$ (139,456)</u>	<u>\$ 21,211</u>	<u>\$ 1,732,653</u>
\$ -	\$ -	\$ (97,158)

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PROPRIETARY FUNDS

The Water fund, Sewer fund, and Storm Water Management fund account for activities related to the operation of a water distribution system, sanitary sewer collection system and storm water system, respectively, and rely to a significant extent on fees and charges for support.

Water consists of the Water Operating, Water Capital, and Water Capital NWA funds.

Sewer consists of the Sewer Operating, Sewer Capital, and Sewer Capital NWA funds.

Storm Water consists of the Storm Water Operating and Storm Water Capital NWA funds.

City of Inver Grove Heights, Minnesota
Enterprise Funds
Water Fund
Combining Schedule Net Position
December 31, 2022

	<u>510</u>	<u>511</u>	<u>513</u>	
	Water Operating	Water Capital	Water Capital NWA	Total
Assets				
Current Assets				
Cash and temporary investments	\$ 7,183,904	\$ 1,582,497	\$ 4,129,221	\$ 12,895,622
Receivables				
Accrued interest	27,594	5,848	17,993	51,435
Accounts	876,906	-	-	876,906
Special assessments	3,061	12,222	-	15,283
Total Current Assets	<u>8,091,465</u>	<u>1,600,567</u>	<u>4,147,214</u>	<u>13,839,246</u>
Long-term Assets				
Capital assets				
Land	583,598	-	-	583,598
Construction in progress	-	-	44,585	44,585
Buildings and systems	52,467,887	-	87,650	52,555,537
Improvements other than buildings	98,108	-	-	98,108
Machinery and equipment	391,572	-	-	391,572
Total Capital Assets	<u>53,541,165</u>	<u>-</u>	<u>132,235</u>	<u>53,673,400</u>
Less accumulated depreciation	<u>(23,726,194)</u>	<u>-</u>	<u>-</u>	<u>(23,726,194)</u>
Total Long-term Assets	<u>29,814,971</u>	<u>-</u>	<u>132,235</u>	<u>29,947,206</u>
Total Assets	<u>37,906,436</u>	<u>1,600,567</u>	<u>4,279,449</u>	<u>43,786,452</u>
Deferred Outflows of Resources				
Deferred other postemployment benefits resources	6,457	-	-	6,457
Deferred pension resources	156,857	-	-	156,857
Total Deferred Outflows of Resources	<u>163,314</u>	<u>-</u>	<u>-</u>	<u>163,314</u>

City of Inver Grove Heights, Minnesota
Enterprise Funds
Water Fund
Combining Schedule Net Position (Continued)
December 31, 2022

	<u>510</u>	<u>511</u>	<u>513</u>	
	Water Operating	Water Capital	Water Capital NWA	Total
Liabilities				
Current Liabilities				
Accounts and contracts payable	\$ 23,300	\$ 9,678	\$ -	\$ 32,978
Accrued salaries payable	15,957	-	-	15,957
Due to other governments	205,053	76,828	-	281,881
Unearned revenue	-	-	152,430	152,430
Compensated absences payable - current portion	42,262	-	-	42,262
Total Current Liabilities	<u>286,572</u>	<u>86,506</u>	<u>152,430</u>	<u>525,508</u>
Long-term Liabilities				
Compensated absences payable	52,734	-	-	52,734
Net pension liability	511,867	-	-	511,867
Other postemployment benefits payable	31,471	-	-	31,471
Total Long-term Liabilities	<u>596,072</u>	<u>-</u>	<u>-</u>	<u>596,072</u>
Total Liabilities	<u>882,644</u>	<u>86,506</u>	<u>152,430</u>	<u>1,121,580</u>
Deferred Inflows of Resources				
Deferred pension resources	6,870	-	-	6,870
Deferred other postemployment benefit resources	431	-	-	431
Total Deferred Inflows of Resources	<u>7,301</u>	<u>-</u>	<u>-</u>	<u>7,301</u>
Net Position				
Investment in capital assets	29,814,971	-	132,235	29,947,206
Unrestricted	7,364,834	1,514,061	3,994,784	12,873,679
Total Net Position	<u>\$ 37,179,805</u>	<u>\$ 1,514,061</u>	<u>\$ 4,127,019</u>	<u>\$ 42,820,885</u>

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City of Inver Grove Heights, Minnesota
Enterprise Funds
Water Fund
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2022

	<u>510</u>	<u>511</u>	<u>513</u>	
	Water Operating	Water Capital	Water Capital NWA	Total
Operating Revenues				
Charges for services				
Water sales	\$ 3,505,058	\$ -	\$ -	\$ 3,505,058
Late fees	52,241	-	-	52,241
Water meter sales	49,253	-	-	49,253
Total Operating Revenues	<u>3,606,552</u>	<u>-</u>	<u>-</u>	<u>3,606,552</u>
Operating Expenses				
Personnel services	687,971	-	-	687,971
Other current expenses	2,106,956	9,678	55,074	2,171,708
Depreciation	998,866	-	-	998,866
Total Operating Expenses	<u>3,793,793</u>	<u>9,678</u>	<u>55,074</u>	<u>3,858,545</u>
Operating Income (Loss)	<u>(187,241)</u>	<u>(9,678)</u>	<u>(55,074)</u>	<u>(251,993)</u>
Nonoperating Revenues (Expenses)				
Investment earnings (loss)	(155,477)	(34,205)	(102,104)	(291,786)
Miscellaneous revenues	5,107	-	15,000	20,107
Interest and amortization expense	(846)	-	-	(846)
Total Nonoperating Revenues (Expenses)	<u>(151,216)</u>	<u>(34,205)</u>	<u>(87,104)</u>	<u>(272,525)</u>
Income (Loss) Before Contributions and Transfers	<u>(338,457)</u>	<u>(43,883)</u>	<u>(142,178)</u>	<u>(524,518)</u>
Capital Contributions	495,318	690,820	732,399	1,918,537
Capital Contributions from Other Funds	691,004	-	-	691,004
Capital Contributions to Other Funds	-	-	(485,399)	(485,399)
Transfers In	875,702	-	3,783	879,485
Transfers Out	<u>(1,000,874)</u>	<u>(202,150)</u>	<u>(329,323)</u>	<u>(1,532,347)</u>
Change in Net Position	722,693	444,787	(220,718)	946,762
Net Position - January 1	<u>36,457,112</u>	<u>1,069,274</u>	<u>4,347,737</u>	<u>41,874,123</u>
Net Position, December 31	<u>\$ 37,179,805</u>	<u>\$ 1,514,061</u>	<u>\$ 4,127,019</u>	<u>\$ 42,820,885</u>

City of Inver Grove Heights, Minnesota

Enterprise Funds

Sewer Fund

Combining Schedule Net Position

December 31, 2022

	<u>520</u>	<u>521</u>	<u>523</u>	
	Sewer Operating	Sewer Capital	Sewer Capital NWA	Total
Assets				
Current Assets				
Cash and temporary investments	\$ 6,168,038	\$ 1,825,787	\$ (1,661,180)	\$ 6,332,645
Receivables				
Accrued interest	24,836	7,575	-	32,411
Accounts	783,829	-	-	783,829
Special assessments	-	138,151	-	138,151
Total Current Assets	<u>6,976,703</u>	<u>1,971,513</u>	<u>(1,661,180)</u>	<u>7,287,036</u>
Long-term Assets				
Capital assets				
Land	768,102	-	-	768,102
Construction in progress	-	-	1,443,396	1,443,396
Buildings and systems	43,511,979	-	229,207	43,741,186
Improvements other than buildings	39,924	-	-	39,924
Machinery and equipment	9,585	-	-	9,585
Total Capital Assets	<u>44,329,590</u>	<u>-</u>	<u>1,672,603</u>	<u>46,002,193</u>
Less accumulated depreciation	<u>(16,023,137)</u>	<u>-</u>	<u>-</u>	<u>(16,023,137)</u>
Total Long-term Assets	<u>28,306,453</u>	<u>-</u>	<u>1,672,603</u>	<u>29,979,056</u>
Total Assets	<u>35,283,156</u>	<u>1,971,513</u>	<u>11,423</u>	<u>37,266,092</u>
Deferred Outflows of Resources				
Deferred charge on refunding	-	116,662	-	116,662
Deferred other postemployment benefits resources	4,009	-	-	4,009
Deferred pension resources	256,603	-	-	256,603
Total Deferred Outflows of Resources	<u>260,612</u>	<u>116,662</u>	<u>-</u>	<u>377,274</u>

City of Inver Grove Heights, Minnesota
Enterprise Funds
Sewer Fund
Combining Schedule Net Position (Continued)
December 31, 2022

	<u>520</u>	<u>521</u>	<u>523</u>	
	Sewer Operating	Sewer Capital	Sewer Capital - NWA	Total
Liabilities				
Current Liabilities				
Accounts and contracts payable	\$ 10,367	\$ -	\$ -	\$ 10,367
Accrued salaries payable	7,802	-	-	7,802
Due to other governments	99,192	25,829	-	125,021
Accrued interest payable	-	125,365	-	125,365
Unearned revenue	-	136,518	240,840	377,358
Compensated absences payable - current portion	25,010	-	-	25,010
Bonds payable - current portion	-	798,467	-	798,467
Total Current Liabilities	<u>142,371</u>	<u>1,086,179</u>	<u>240,840</u>	<u>1,469,390</u>
Long-term Liabilities				
Compensated absences payable	22,800	-	-	22,800
Bonds payable	-	10,109,126	-	10,109,126
Net pension liability	559,947	-	-	559,947
Other postemployment benefits payable	19,540	-	-	19,540
Total Long-term Liabilities	<u>602,287</u>	<u>10,109,126</u>	<u>-</u>	<u>10,711,413</u>
Total Liabilities	<u>744,658</u>	<u>11,195,305</u>	<u>240,840</u>	<u>12,180,803</u>
Deferred Inflows of Resources				
Deferred pension resources	11,239	-	-	11,239
Deferred other postemployment benefit resources	269	-	-	269
Total Deferred Inflows of Resources	<u>11,508</u>	<u>-</u>	<u>-</u>	<u>11,508</u>
Net Position				
Net investment in capital assets	28,306,453	(10,790,931)	1,672,603	19,188,125
Unrestricted	6,481,149	1,683,801	(1,902,020)	6,262,930
Total Net Position	<u>\$ 34,787,602</u>	<u>\$ (9,107,130)</u>	<u>\$ (229,417)</u>	<u>\$ 25,451,055</u>

City of Inver Grove Heights, Minnesota

Enterprise Funds

Sewer Fund

Combining Schedule of Revenues, Expenses and Changes in Net Position

For the Year Ended December 31, 2022

	<u>520</u>	<u>521</u>	<u>523</u>	
	Sewer Operating	Sewer Capital	Sewer Capital - NWA	Total
Operating Revenues				
Charges for services				
Sewer charges	\$ 4,159,937	\$ -	\$ 60,904	\$ 4,220,841
Operating Expenses				
Personnel services	552,753	-	-	552,753
Other current expenses	2,644,782	-	129,530	2,774,312
Depreciation	787,496	-	-	787,496
Total Operating Expenses	<u>3,985,031</u>	<u>-</u>	<u>129,530</u>	<u>4,114,561</u>
Operating Income (Loss)	<u>174,906</u>	<u>-</u>	<u>(68,626)</u>	<u>106,280</u>
Nonoperating Revenues (Expenses)				
Investment earnings (loss)	(140,882)	(43,123)	-	(184,005)
Miscellaneous revenues	3,506	-	-	3,506
Interest and amortization expense	(303,837)	17,787	-	(286,050)
Total Nonoperating Revenues (Expenses)	<u>(441,213)</u>	<u>(25,336)</u>	<u>-</u>	<u>(466,549)</u>
Income (Loss) Before Contributions and Transfers	(266,307)	(25,336)	(68,626)	(360,269)
Capital Contributions	(99,244)	179,248	1,693,570	1,773,574
Transfers In	1,141,489	56,640	105,981	1,304,110
Transfers Out	(696,325)	600,760	(1,246,748)	(1,342,313)
Change in Net Position	79,613	811,312	484,177	1,375,102
Net Position - January 1	<u>34,707,989</u>	<u>(9,918,442)</u>	<u>(713,594)</u>	<u>24,075,953</u>
Net Position, December 31	<u>\$ 34,787,602</u>	<u>\$ (9,107,130)</u>	<u>\$ (229,417)</u>	<u>\$ 25,451,055</u>

City of Inver Grove Heights, Minnesota
Enterprise Funds
Storm Water Management Fund
Combining Schedule Net Position
December 31, 2022

	<u>530</u>	<u>533</u>	
	Storm Water Operating	Storm Water Capital NWA	Total
Assets			
Current Assets			
Cash and temporary investments	\$ 173,735	\$ 2,106,326	\$ 2,280,061
Receivables			
Accrued interest	1,243	7,920	9,163
Accounts	247,796	-	247,796
Special assessments	-	162,821	162,821
Total Current Assets	<u>422,774</u>	<u>2,277,067</u>	<u>2,699,841</u>
Long-term Assets			
Capital assets			
Land	1,175,104	-	1,175,104
Construction in progress	951,184	-	951,184
Buildings and systems	23,461,984	-	23,461,984
Total Capital Assets	<u>25,588,272</u>	<u>-</u>	<u>25,588,272</u>
Less accumulated depreciation	<u>(16,704,000)</u>	<u>-</u>	<u>(16,704,000)</u>
Net Capital Assets	<u>8,884,272</u>	<u>-</u>	<u>8,884,272</u>
Total Assets	<u>9,307,046</u>	<u>2,277,067</u>	<u>11,584,113</u>
Deferred Outflows of Resources			
Deferred pension resources	<u>58,432</u>	<u>-</u>	<u>58,432</u>
Liabilities			
Current Liabilities			
Accounts and contracts payable	4,060	327,298	331,358
Accrued salaries payable	1,697	-	1,697
Due to other governments	12,189	-	12,189
Unearned revenue	-	162,821	162,821
Compensated absences payable - current portion	6,998	-	6,998
Total Current Liabilities	<u>24,944</u>	<u>490,119</u>	<u>515,063</u>
Long-term Liabilities			
Net pension liability	<u>182,131</u>	<u>-</u>	<u>182,131</u>
Total Liabilities	<u>207,075</u>	<u>490,119</u>	<u>697,194</u>
Deferred Inflows of Resources			
Deferred pension resources	<u>2,559</u>	<u>-</u>	<u>2,559</u>
Net Position			
Investment in capital assets	8,884,272	-	8,884,272
Unrestricted	271,572	1,786,948	2,058,520
Total Net Position	<u>\$ 9,155,844</u>	<u>\$ 1,786,948</u>	<u>\$ 10,942,792</u>

City of Inver Grove Heights, Minnesota
Enterprise Funds
Storm Water Management Fund
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2022

	<u>530</u>	<u>533</u>	
	Storm Water Operating	Storm Water Capital NWA	Total
Operating Revenues			
Charges for services			
Storm water charges	\$ 677,140	\$ -	\$ 677,140
Operating Expenses			
Personnel services	280,914	-	280,914
Other current expenses	143,788	26,901	170,689
Depreciation	235,374	-	235,374
Total Operating Expenses	<u>660,076</u>	<u>26,901</u>	<u>686,977</u>
Operating Income (Loss)	<u>17,064</u>	<u>(26,901)</u>	<u>(9,837)</u>
Nonoperating Revenues (Expenses)			
Investment earnings (loss)	(6,381)	(43,822)	(50,203)
Miscellaneous revenues	798	-	798
Total Nonoperating Revenues (Expenses)	<u>(5,583)</u>	<u>(43,822)</u>	<u>(49,405)</u>
Income (Loss) Before Contributions and Transfers	11,481	(70,723)	(59,242)
Capital Contributions	-	824,766	824,766
Capital Contributions from Other Funds	954,473	-	954,473
Capital Contributions to Other Funds	-	(621,324)	(621,324)
Transfers In	45,733	72,656	118,389
Transfers Out	<u>(164,568)</u>	<u>-</u>	<u>(164,568)</u>
Change in Net Position	847,119	205,375	1,052,494
Net Position - January 1	<u>8,308,725</u>	<u>1,581,573</u>	<u>9,890,298</u>
Net Position, December 31	<u>\$ 9,155,844</u>	<u>\$ 1,786,948</u>	<u>\$ 10,942,792</u>

STATISTICAL SECTION (UNAUDITED)

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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STATISTICAL SECTION (UNAUDITED)

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	<u>Pages</u>
Financial Trends	163 - 173
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	175 - 181
These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.	
Debt Capacity	182 - 188
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	189 - 191
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	192 - 196
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

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City of Inver Grove Heights, Minnesota
 Summary Financial Report
 Governmental Funds
 Revenues and Expenditures For General Operations
 For the Years Ended December 31, 2022 and 2021

	Total		Percent Increase (Decrease)
	2022	2021	
Revenues			
Taxes	\$ 29,491,935	\$ 27,569,539	6.97 %
Licenses and permits	1,820,192	1,939,133	(6.13)
Intergovernmental	3,281,568	3,111,726	5.46
Charges for services	7,825,923	9,510,155	(17.71)
Fines and forfeits	193,985	166,286	16.66
Special assessments	1,843,776	1,079,854	70.74
Investment earnings (loss)	(747,272)	(298,830)	N/A
Miscellaneous	1,172,444	1,201,916	(2.45)
	<u>\$ 44,882,551</u>	<u>\$ 44,279,779</u>	1.36 %
Total Revenues	<u>\$ 44,882,551</u>	<u>\$ 44,279,779</u>	1.36 %
Per Capita	\$ 1,256	\$ 1,237	1.53 %
Expenditures			
Current			
General government	\$ 3,998,983	\$ 3,900,394	2.53 %
Public safety	14,336,568	12,590,662	13.87
Public works	5,675,556	5,614,601	1.09
Culture and recreation	6,688,174	6,022,413	11.05
Community development	1,973,428	2,060,832	(4.24)
Capital outlay			
General government	57,964	-	N/A
Public safety	98,901	457,901	(78.40)
Public works	6,308,219	5,144,102	22.63
Culture and recreation	1,570,776	1,229,492	27.76
Community development	-	41,252	(100.00)
Debt service			
Principal	2,164,308	1,560,000	38.74
Interest and other charges	886,738	941,357	(5.80)
	<u>\$ 43,759,615</u>	<u>\$ 39,563,006</u>	10.61 %
Total Expenditures	<u>\$ 43,759,615</u>	<u>\$ 39,563,006</u>	10.61 %
Per Capita	\$ 1,224	\$ 1,105	10.79 %
Total Long-term Indebtedness	\$ 28,201,027	\$ 30,202,267	(6.63) %
Per Capita	789	844	(6.48)
General Fund Balance - December 31	\$ 13,763,797	\$ 13,208,391	4.20 %
Per Capita	385	369	4.37

The purpose of this report is to provide a summary of financial information concerning the City of Inver Grove Heights to interested citizens. The complete financial statements may be examined at City Hall, 8150 Barbara Avenue, Inver Grove Heights, MN 55077-3412. Questions about this report should be directed to the Finance Department at (651) 450-2500.

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
Governmental Activities				
Net investment in capital assets	\$ 85,313,175	\$ 88,745,756	\$ 92,587,696	\$ 96,443,126
Restricted	5,419,184	6,560,238	7,697,092	8,666,803
Unrestricted	<u>33,615,784</u>	<u>37,024,099</u>	<u>32,064,187</u>	<u>30,600,727</u>
Total Governmental Activities Net Position	<u>\$ 124,348,143</u>	<u>\$ 132,330,093</u>	<u>\$ 132,348,975</u>	<u>\$ 135,710,656</u>
Business-type Activities				
Net investment in capital assets	\$ 38,002,856	\$ 38,248,637	\$ 40,500,700	\$ 48,192,046
Restricted	-	-	-	-
Unrestricted	<u>21,168,180</u>	<u>20,875,925</u>	<u>18,559,610</u>	<u>13,397,258</u>
Total Business-type Activities Net Position	<u>\$ 59,171,036</u>	<u>\$ 59,124,562</u>	<u>\$ 59,060,310</u>	<u>\$ 61,589,304</u>
Total Primary Government				
Net investment in capital assets	\$ 123,316,031	\$ 126,994,393	\$ 133,088,396	\$ 144,635,172
Restricted	5,419,184	6,560,238	7,697,092	8,666,803
Unrestricted	<u>54,783,964</u>	<u>57,900,024</u>	<u>50,623,797</u>	<u>43,997,985</u>
Total Primary Government Net Position	<u>\$ 183,519,179</u>	<u>\$ 191,454,655</u>	<u>\$ 191,409,285</u>	<u>\$ 197,299,960</u>

Note: The City implemented GASB Statement No. 68 and GASB Statement No. 67 in fiscal 2015. Years prior to 2015 have not been restated. The City implemented GASB Statement No. 75 in fiscal 2018. Years prior to 2018 have not been restated. In 2021, the activities of the Storm Water Management fund were transferred to a newly created enterprise fund. Years prior to 2021 have not been restated.

Fiscal Year

2017	2018	2019	2020	2021	2022
\$ 93,604,421	\$ 101,204,542	\$ 108,559,698	\$ 113,246,973	\$ 108,803,798	\$ 112,929,545
10,112,971	9,651,283	9,707,215	9,080,704	10,885,593	14,527,169
31,939,890	39,293,328	42,628,763	51,420,595	56,448,808	54,778,199
<u>\$ 135,657,282</u>	<u>\$ 150,149,153</u>	<u>\$ 160,895,676</u>	<u>\$ 173,748,272</u>	<u>\$ 176,138,199</u>	<u>\$ 182,234,913</u>
\$ 49,136,855	\$ 51,148,138	\$ 51,455,529	\$ 51,251,800	\$ 59,652,599	\$ 60,441,697
-	-	-	-	2,900,000	-
10,707,274	9,464,848	11,295,098	11,972,101	14,646,049	20,327,495
<u>\$ 59,844,129</u>	<u>\$ 60,612,986</u>	<u>\$ 62,750,627</u>	<u>\$ 63,223,901</u>	<u>\$ 77,198,648</u>	<u>\$ 80,769,192</u>
\$ 142,741,276	\$ 152,352,680	\$ 160,015,227	\$ 164,498,773	\$ 168,456,397	\$ 173,371,242
10,112,971	9,651,283	9,707,215	9,080,704	13,785,593	14,527,169
42,647,164	48,758,176	53,923,861	63,392,696	71,094,857	75,105,694
<u>\$ 195,501,411</u>	<u>\$ 210,762,139</u>	<u>\$ 223,646,303</u>	<u>\$ 236,972,173</u>	<u>\$ 253,336,847</u>	<u>\$ 263,004,105</u>

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Changes in Net Position (Continued on the Following Pages)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental activities				
General government	\$ 1,789,711	\$ 1,764,065	\$ 1,655,475	\$ 2,996,056
Public safety	7,806,417	8,069,896	8,109,514	10,727,458
Public works	6,225,122	7,284,147	6,816,075	8,887,750
Culture and recreation	6,417,200	6,382,850	6,576,337	6,768,580
Community development	1,784,117	-	1,792,921	1,599,270
Interest on long-term debt	1,026,367	873,009	771,350	926,142
Total Governmental Activities Expenses	<u>25,048,934</u>	<u>24,373,967</u>	<u>25,721,672</u>	<u>31,905,256</u>
Business-type activities				
Water	2,550,172	2,722,584	2,381,673	2,562,739
Sewer	3,342,170	3,422,724	3,628,484	3,571,160
Storm Water Management	-	-	-	-
Golf course	1,653,246	1,537,243	1,581,313	1,486,481
Total Business-type Activities Expenses	<u>7,545,588</u>	<u>7,682,551</u>	<u>7,591,470</u>	<u>7,620,380</u>
Total Primary Government Expenses	<u>\$ 32,594,522</u>	<u>\$ 32,056,518</u>	<u>\$ 33,313,142</u>	<u>\$ 39,525,636</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 13,492	\$ 13,086	\$ 11,190	\$ 19,706
Public safety	612,664	625,566	629,828	628,342
Public works	3,159,957	3,257,758	3,552,354	3,346,781
Culture and recreation	2,683,173	2,966,749	3,184,781	3,570,598
Community development	1,082,712	1,144,089	702,948	1,019,012
Operating grants and contributions	952,499	1,170,083	1,012,882	986,082
Capital grants and contributions	2,971,574	6,587,288	3,860,088	5,079,885
Total Governmental Activities Program Revenues	<u>11,476,071</u>	<u>15,764,619</u>	<u>12,954,071</u>	<u>14,650,406</u>
Business-type activities				
Charges for services				
Water	3,054,386	2,818,851	2,899,782	2,878,095
Sewer	3,016,134	3,052,651	3,088,659	3,281,356
Storm Water Management	-	-	-	-
Golf course	1,402,594	1,414,141	1,634,226	1,306,162
Operating grants and contributions	1,961	1,418	12,587	12,345
Capital grants and contributions	1,188,808	1,177,104	1,463,961	2,175,951
Total Business-type Activities Program Revenues	<u>8,663,883</u>	<u>8,464,165</u>	<u>9,099,215</u>	<u>9,653,909</u>
Total Primary Government Program Revenues	<u>\$ 20,139,954</u>	<u>\$ 24,228,784</u>	<u>\$ 22,053,286</u>	<u>\$ 24,304,315</u>

Fiscal Year

2017	2018	2019	2020	2021	2022
\$ 2,481,001	\$ 2,395,582	\$ 3,017,849	\$ 2,969,823	\$ 4,209,265	\$ 4,992,374
12,087,235	10,236,391	11,486,291	12,994,292	12,388,559	16,083,846
7,690,391	7,056,944	8,989,180	8,983,184	7,307,967	8,911,207
7,919,434	7,139,360	7,497,438	6,135,155	6,803,476	7,612,774
2,540,933	2,124,968	2,322,377	3,693,217	2,119,884	2,062,697
1,007,774	1,091,471	1,452,062	1,003,536	861,888	798,645
<u>33,726,768</u>	<u>30,044,716</u>	<u>34,765,197</u>	<u>35,779,207</u>	<u>33,691,039</u>	<u>40,461,543</u>
2,705,498	3,003,465	2,779,567	2,887,882	3,021,693	3,859,391
4,265,285	4,123,098	3,959,592	4,148,917	3,944,724	4,400,611
-	-	-	-	743,576	686,977
3,901,573	1,932,241	1,796,957	2,127,755	1,966,693	2,159,004
<u>10,872,356</u>	<u>9,058,804</u>	<u>8,536,116</u>	<u>9,164,554</u>	<u>9,676,686</u>	<u>11,105,983</u>
<u>\$ 44,599,124</u>	<u>\$ 39,103,520</u>	<u>\$ 43,301,313</u>	<u>\$ 44,943,761</u>	<u>\$ 43,367,725</u>	<u>\$ 51,567,526</u>
\$ 21,386	\$ 12,049	\$ 49,005	\$ 83,437	\$ 18,375	\$ 22,797
689,060	635,233	769,972	605,334	671,520	719,421
3,038,693	3,469,315	3,971,781	5,152,781	5,053,204	4,022,301
2,922,124	3,210,032	3,314,495	1,861,459	4,468,966	3,371,762
1,202,410	1,401,683	1,754,000	1,142,921	1,877,571	1,698,414
1,219,181	2,567,895	3,254,500	5,486,950	2,153,837	4,062,148
2,125,371	7,803,984	4,182,202	4,864,126	2,679,057	3,104,575
<u>11,218,225</u>	<u>19,100,191</u>	<u>17,295,955</u>	<u>19,197,008</u>	<u>16,922,530</u>	<u>17,001,418</u>
3,051,811	3,132,068	3,031,231	3,212,973	3,706,014	3,606,552
3,460,592	3,693,679	3,753,168	3,847,337	4,094,880	4,220,841
-	-	-	-	1,109,046	677,140
1,467,194	1,879,599	1,755,886	2,145,792	2,419,528	2,394,251
8,283	10,087	6,667	5,223	10,232	25,808
1,392,096	1,717,863	2,106,572	1,365,247	3,957,841	4,516,877
<u>9,379,976</u>	<u>10,433,296</u>	<u>10,653,524</u>	<u>10,576,572</u>	<u>15,297,541</u>	<u>15,441,469</u>
<u>\$ 20,598,201</u>	<u>\$ 29,533,487</u>	<u>\$ 27,949,479</u>	<u>\$ 29,773,580</u>	<u>\$ 32,220,071</u>	<u>\$ 32,442,887</u>

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
Net Revenues (Expenses)				
Governmental activities	\$ (13,572,863)	\$ (8,609,348)	\$ (12,767,601)	\$ (17,254,850)
Business-type activities	1,118,295	781,614	1,507,745	2,033,529
Total Primary Government Net Revenues (Expenses)	<u>\$ (12,454,568)</u>	<u>\$ (7,827,734)</u>	<u>\$ (11,259,856)</u>	<u>\$ (15,221,321)</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	\$ 14,607,605	\$ 15,070,818	\$ 16,657,367	\$ 18,068,901
Tax increments	1,861,618	1,931,061	2,020,664	1,959,743
Lodging taxes	88,151	105,877	106,361	128,367
Franchise taxes	90,442	90,442	98,221	103,406
Grants and contributions not restricted to specific programs	162,694	95,004	144,337	280,346
Unrestricted investment earnings (loss)	(210,750)	575,796	435,751	345,223
Gain on sale of capital assets	17,780	12,855	11,070	78,545
Transfers	(4,263,985)	1,112,503	841,284	(348,000)
Total Governmental Activities	<u>12,353,555</u>	<u>18,994,356</u>	<u>20,315,055</u>	<u>20,616,531</u>
Business-type activities				
Unrestricted investment earnings	44,938	284,415	232,427	147,465
Gain on sale of capital assets	-	-	-	-
Transfers	4,263,985	(1,112,503)	(841,284)	348,000
Total Business-type Activities	<u>4,308,923</u>	<u>(828,088)</u>	<u>(608,857)</u>	<u>495,465</u>
Total Primary Government	<u>\$ 16,662,478</u>	<u>\$ 18,166,268</u>	<u>\$ 19,706,198</u>	<u>\$ 21,111,996</u>
Change in Net Position				
Governmental activities	\$ (1,219,308)	\$ 10,385,008	\$ 7,547,454	\$ 3,361,681
Business-type activities	5,427,218	(46,474)	898,888	2,528,994
Total Primary Government	<u>\$ 4,207,910</u>	<u>\$ 10,338,534</u>	<u>\$ 8,446,342</u>	<u>\$ 5,890,675</u>

Note 1: The City implemented GASB Statement No. 68 and GASB Statement No. 67 in fiscal 2015. Years prior to 2015 have not been restated. The City implemented GASB Statement No. 75 in fiscal 2018. Years prior to 2018 have not been restated.

Note 2: The City created a new Storm Water Management fund in 2021. As part of creating the fund, all balances of the Storm Water Management capital projects fund were transferred to this fund. Years prior to 2021 have not been restated.

Fiscal Year

2017	2018	2019	2020	2021	2022
\$ (22,508,543)	\$ (10,944,525)	\$ (17,469,242)	\$ (16,582,199)	\$ (16,768,509)	\$ (23,460,125)
(1,492,380)	1,374,492	2,117,408	1,412,018	5,620,855	4,335,486
<u>\$ (24,000,923)</u>	<u>\$ (9,570,033)</u>	<u>\$ (15,351,834)</u>	<u>\$ (15,170,181)</u>	<u>\$ (11,147,654)</u>	<u>\$ (19,124,639)</u>
\$ 19,395,888	\$ 21,043,742	\$ 23,348,621	\$ 24,825,120	\$ 26,282,771	\$ 28,220,220
1,578,646	1,655,941	1,738,995	-	-	2,567
133,979	133,872	133,808	77,357	120,618	128,548
107,441	1,135,415	1,171,449	1,177,600	1,183,827	1,206,886
146,791	161,095	75,893	112,520	322,839	621,200
545,279	761,542	1,592,145	1,807,149	(386,473)	(1,066,607)
89,116	21,486	-	10,860	109,509	245,535
458,029	939,547	321,140	1,424,189	(8,474,655)	198,490
<u>22,455,169</u>	<u>25,852,640</u>	<u>28,382,051</u>	<u>29,434,795</u>	<u>19,158,436</u>	<u>29,556,839</u>
205,234	354,181	341,373	485,445	(120,763)	(574,952)
-	-	-	-	-	8,500
(458,029)	(939,547)	(321,140)	(1,424,189)	8,474,655	(198,490)
<u>(252,795)</u>	<u>(585,366)</u>	<u>20,233</u>	<u>(938,744)</u>	<u>8,353,892</u>	<u>(764,942)</u>
<u>\$ 22,202,374</u>	<u>\$ 25,267,274</u>	<u>\$ 28,402,284</u>	<u>\$ 28,496,051</u>	<u>\$ 27,512,328</u>	<u>\$ 28,791,897</u>
\$ (53,374)	\$ 14,908,115	\$ 10,912,809	\$ 12,852,596	\$ 2,389,927	\$ 6,096,714
(1,745,175)	789,126	2,137,641	473,274	13,974,747	3,570,544
<u>\$ (1,798,549)</u>	<u>\$ 15,697,241</u>	<u>\$ 13,050,450</u>	<u>\$ 13,325,870</u>	<u>\$ 16,364,674</u>	<u>\$ 9,667,258</u>

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	Restated 2013	2014	2015	2016
General Fund				
Nonspendable	\$ 4,399	\$ 57,292	\$ 3,667	\$ 15,799
Restricted	76,800	22,000	-	-
Committed	-	-	-	-
Unassigned	<u>8,029,014</u>	<u>9,111,824</u>	<u>9,922,952</u>	<u>9,600,129</u>
Total General Fund	<u>\$ 8,110,213</u>	<u>\$ 9,191,116</u>	<u>\$ 9,926,619</u>	<u>\$ 9,615,928</u>
All Other Governmental Funds				
Nonspendable	\$ 19,644	\$ 21,450	\$ 7,203	\$ 2,887
Restricted	3,088,157	4,137,256	10,128,899	18,332,804
Committed	1,038,100	1,023,281	955,348	720,397
Assigned	13,113,187	13,249,048	14,066,297	13,408,861
Unassigned	<u>(3,246,835)</u>	<u>(2,727,214)</u>	<u>(1,949,474)</u>	<u>(1,847,409)</u>
Total All Other Governmental Funds	<u>\$ 14,012,253</u>	<u>\$ 15,703,821</u>	<u>\$ 23,208,273</u>	<u>\$ 30,617,540</u>

Fiscal Year

2017	2018	2019	2020	2021	2022
\$ 141,195	\$ 12,679	\$ 177,753	\$ 28,365	\$ 17,785	\$ 71,772
-	-	-	16,118	19,061	26,073
-	-	-	-	75,587	278,240
<u>10,038,550</u>	<u>10,520,461</u>	<u>11,313,120</u>	<u>12,870,165</u>	<u>13,095,958</u>	<u>13,387,712</u>
<u>\$ 10,179,745</u>	<u>\$ 10,533,140</u>	<u>\$ 11,490,873</u>	<u>\$ 12,914,648</u>	<u>\$ 13,208,391</u>	<u>\$ 13,763,797</u>
\$ 17,761	\$ 105,287	\$ 15,236	\$ 1,485	\$ 4,611	\$ 9,100
20,275,918	16,286,001	10,642,272	8,785,571	10,754,837	12,192,882
738,817	1,790,562	2,836,946	4,078,939	910,881	505,837
17,069,166	22,069,612	21,371,523	24,710,670	28,781,879	28,971,387
<u>(3,741,559)</u>	<u>(6,573,705)</u>	<u>(4,101,728)</u>	<u>(1,749,993)</u>	<u>(1,736,987)</u>	<u>(1,683,478)</u>
<u>\$ 34,360,103</u>	<u>\$ 33,677,757</u>	<u>\$ 30,764,249</u>	<u>\$ 35,826,672</u>	<u>\$ 38,715,221</u>	<u>\$ 39,995,728</u>

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Taxes	\$ 16,627,528	\$ 17,190,552	\$ 18,951,875	\$ 20,287,670
Licenses and permits	951,948	1,241,654	844,006	1,133,121
Intergovernmental	2,143,879	4,124,588	1,111,405	2,686,298
Charges for services	6,241,363	6,389,688	6,857,352	7,073,953
Fines and forfeitures	148,113	135,382	120,029	119,855
Special assessments	1,500,383	2,295,620	1,759,195	1,536,041
Donations	-	-	-	-
Investment earnings (loss)	(183,005)	359,937	257,824	231,466
Miscellaneous	261,540	234,831	455,909	771,714
Total Revenues	<u>27,691,749</u>	<u>31,972,252</u>	<u>30,357,595</u>	<u>33,840,118</u>
Expenditures				
Current				
General government	1,623,512	1,641,093	1,667,440	1,868,611
Public safety	7,750,149	7,959,499	8,342,569	9,332,846
Public works	4,168,764	4,466,294	4,580,122	4,504,655
Culture and recreation	4,926,142	5,174,615	5,284,502	5,268,205
Community development	1,612,680	1,499,946	1,612,736	1,696,528
Capital outlay	3,440,919	5,497,746	4,939,260	8,747,031
Debt service				
Principal	4,632,042	6,249,919	3,688,280	2,851,870
Interest and other charges	1,112,013	888,890	675,558	787,537
Bond issuance costs	-	83,755	131,221	140,713
Total Expenditures	<u>29,266,221</u>	<u>33,461,757</u>	<u>30,921,688</u>	<u>35,197,996</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,574,472)</u>	<u>(1,489,505)</u>	<u>(564,093)</u>	<u>(1,357,878)</u>
Other Financing Sources (Uses)				
Transfers in	9,003,530	7,171,496	5,633,063	7,596,433
Transfers out	(10,907,954)	(5,917,699)	(4,762,561)	(7,928,133)
Bonds issued	-	-	7,745,000	-
Lease issued	-	-	-	-
Premium on bonds issued	-	118,912	188,546	273,154
Refunding bonds issued	-	4,650,000	-	8,515,000
Payment to refunded bond escrow agent	-	(1,761,033)	-	-
Principal paid on refunded bonds	(400,000)	-	-	-
Insurance recovery	15,676	300	-	-
Sale of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>(2,288,748)</u>	<u>4,261,976</u>	<u>8,804,048</u>	<u>8,456,454</u>
Net Change in Fund Balances	<u>\$ (3,863,220)</u>	<u>\$ 2,772,471</u>	<u>\$ 8,239,955</u>	<u>\$ 7,098,576</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>21.65%</u>	<u>24.25%</u>	<u>16.36%</u>	<u>12.30%</u>

Note: In 2018, current refunding bonds were issued to refund a significant portion of outstanding debt.

Fiscal Year

	2017	2018	2019	2020	2021	2022
\$	21,228,180	\$ 24,029,756	\$ 26,375,433	\$ 26,106,752	\$ 27,569,539	\$ 29,491,935
	1,355,686	1,515,601	1,884,737	1,232,336	1,939,133	1,820,192
	1,828,149	8,443,585	4,964,285	6,584,684	3,111,726	3,281,568
	6,044,318	6,635,041	7,310,715	6,988,370	9,510,155	7,825,923
	173,365	185,181	187,738	145,283	166,286	193,985
	1,649,876	1,235,379	1,354,147	1,424,389	1,079,854	1,843,776
	-	88,317	-	-	-	-
	391,228	565,567	1,306,923	1,393,306	(298,830)	(747,272)
	1,050,756	776,392	1,072,834	1,159,838	1,201,916	1,172,444
	<u>33,721,558</u>	<u>43,474,819</u>	<u>44,456,812</u>	<u>45,034,958</u>	<u>44,279,779</u>	<u>44,882,551</u>
	1,870,026	2,147,041	2,147,501	2,569,221	3,900,394	3,998,983
	9,837,271	10,753,947	11,897,247	12,571,164	12,589,736	14,336,568
	4,848,977	4,668,439	5,501,354	5,388,120	5,614,601	5,675,556
	5,696,321	6,058,369	6,006,067	5,123,142	6,022,413	6,688,174
	2,008,043	1,915,702	1,657,141	3,644,949	2,060,832	1,973,428
	6,000,301	18,103,407	18,382,651	7,622,854	6,873,673	8,035,860
	2,575,000	11,015,000	2,385,000	2,135,000	1,560,000	2,164,308
	882,784	1,134,477	1,234,714	1,069,906	941,357	886,738
	85,505	124,608	110,529	47,548	-	-
	<u>33,804,228</u>	<u>55,920,990</u>	<u>49,322,204</u>	<u>40,171,904</u>	<u>39,563,006</u>	<u>43,759,615</u>
	(82,670)	(12,446,171)	(4,865,392)	4,863,054	4,716,773	1,122,936
	5,668,147	9,224,763	9,746,464	9,313,089	11,824,493	7,620,711
	(4,960,644)	(7,300,022)	(9,225,805)	(7,709,382)	(13,448,974)	(6,966,052)
	3,505,000	9,785,000	2,500,000	-	-	-
	-	-	-	-	-	58,318
	128,904	407,479	55,244	19,437	-	-
	-	-	-	1,640,000	-	-
	-	-	-	-	-	-
	-	-	-	(1,640,000)	-	-
	-	-	-	-	-	-
	47,643	-	-	-	90,000	-
	<u>4,389,050</u>	<u>12,117,220</u>	<u>3,075,903</u>	<u>1,623,144</u>	<u>(1,534,481)</u>	<u>712,977</u>
\$	<u>4,306,380</u>	<u>\$ (328,951)</u>	<u>\$ (1,789,489)</u>	<u>\$ 6,486,198</u>	<u>\$ 3,182,292</u>	<u>\$ 1,835,913</u>
	<u>10.98%</u>	<u>31.32%</u>	<u>10.86%</u>	<u>9.28%</u>	<u>7.58%</u>	<u>8.25%</u>

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City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax	Tax Increments	Lodging Tax	Franchise Tax	Total
2013	\$ 14,587,317	\$ 1,861,618	\$ 85,530	\$ 93,063	\$ 16,627,528
2014	15,063,172	1,931,061	98,691	97,628	17,190,552
2015	16,726,629	2,020,664	106,361	98,221	18,951,875
2016	18,096,154	1,959,743	128,367	103,406	20,287,670
2017	19,408,114	1,578,646	133,979	107,441	21,228,180
2018	21,104,528	1,655,941	133,872	1,135,415 (1)	24,029,756
2019	23,331,181	1,738,995	133,808	1,171,449	26,375,433
2020	24,851,795	-	77,357 (2)	1,177,600	26,106,752
2021	26,265,094	-	120,618	1,183,827	27,569,539
2022	28,153,934	2,567	128,548	1,206,886	29,491,935

(1) The City began the collection of gas and electric utility franchise fees in 2018.

(2) In 2020, the City transferred authority over their existing Tax Increment Financing Districts to another entity.

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Fiscal Year Ended December 31, (1)	Tax Capacity				Total Taxable Assessed Value
	Real Property		Personal Property	Less Tax Exempt Real Property	
	Residential Property	Commercial Property			
2013	\$ 22,793,327	\$ 9,065,568	\$ 706,136	\$ 3,788,856	\$ 28,776,175
2014	23,532,484	9,252,706	711,742	3,824,454	29,672,478
2015	25,635,739	9,263,633	726,252	3,914,916	31,710,708
2016	27,361,534	9,779,662	753,881	4,071,056	33,824,021
2017	28,111,605	9,722,415	787,939	4,126,152	34,495,807
2018	31,103,141	9,930,791	823,979	4,623,984	37,233,927
2019	33,620,344	10,011,283	802,338	4,660,532	39,773,433
2020	35,972,794	10,284,333	818,480	4,796,534	42,279,073
2021	38,317,299	11,095,364	885,375	5,034,580	45,263,458
2022	40,830,541	11,380,555	521,898	5,378,618	47,354,376

Source: Dakota County Assessor.

<https://www.co.dakota.mn.us/HomeProperty/Assessing/MarketValues/Documents>

(1) Represents the year the taxes are payable, not the year the taxes are levied.

Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
46.312	\$ 2,720,514,055	1.20 %
46.128	2,798,175,018	1.20
48.131	3,005,516,326	1.19
49.266	3,198,957,044	1.18
51.644	3,270,107,980	1.18
51.112	3,560,206,357	1.18
53.537	3,805,930,599	1.17
51.037	4,049,704,082	1.16
50.590	4,314,509,327	1.17
51.925	4,548,648,085	1.16

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Property Tax Rates - Direct and Overlapping Governments
 Last Ten Fiscal Years

Fiscal Year	City of Inver Grove Heights		
	Operating Millage	Debt Service Millage	Total Direct Rate
2013	42.116 %	4.196 %	46.312 %
2014	41.849	4.279	46.128
2015	43.984	4.147	48.131
2016	43.621	5.645	49.266
2017	45.717	5.927	51.644
2018	46.379	4.733	51.112
2019	47.674	5.863	53.537
2020	45.151	5.886	51.037
2021	45.038	5.552	50.590
2022	47.251	4.674	51.925

Source: Dakota County Treasurer - Auditor.

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Inver Grove Heights. Not all overlapping rates apply to all City of Inver Grove Heights property owners (i.e. the rates for School District #199 apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the school district.)

(2) Special districts include: Metropolitan Council, Mosquito Control, and Metropolitan Transit.

Overlapping Rates (1)					Total
Dakota County	School District No. 199	School District No. 196	School District No. 197	Special Districts (2)	Direct & Overlapping Rates
33.421 %	27.556 %	27.956 %	24.429 %	5.341 %	165.015 %
31.827	33.418	27.606	23.863	4.993	167.835
29.633	34.864	23.271	24.063	4.567	164.529
28.570	30.272	24.317	22.170	4.614	159.209
28.004	28.572	23.336	22.295	4.458	158.309
26.580	26.680	21.352	21.224	3.878	150.826
25.386	26.537	20.613	24.246	3.824	154.143
24.133	22.896	19.860	22.125	3.631	143.682
22.716	23.368	20.046	21.900	3.432	142.052
21.630	22.296	19.971	20.391	3.381	139.594

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Principal Property Taxpayers
Current and Nine Years Ago

Taxpayer	2022			2013		
	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
Xcel Energy (Northern States Power)	\$ 2,754,041	1	5.22 %	\$ 1,809,866	1	5.56 %
Flint Hills	1,407,266	2	2.67	-		-
Southview Gables	1,072,206	3	2.03	-		-
Chicago & NW Trans Co.	616,416	4	1.17	-		-
Lake Cove Village Partnership	608,360	5	1.15	335,105	4	1.03
Salem Green Ltd. Partnership	543,392	6	1.03	252,178	6	0.77
PHM Inver Grove Inc	514,912	7	0.98	337,874	3	1.04
CH Inver Grove Heights MN Landlord LLC	484,892	8	0.92	-		-
Pearlwood Estates LP	431,174	9	0.82	284,646	5	0.87
Brentwood Hills Ltd. Partnership	430,622	10	0.82	229,321	8	0.70
ML Casa IV LP (I & G Southview LLC)	-		-	457,731	2	1.41
Vansouth Ltd. Partnership	-		-	284,646	5	0.87
Farmers Union Central Exchange (Cenex)	-		-	248,314	7	0.76
Total	\$ 8,863,281		16.81 %	\$ 4,239,681		13.01 %

Source: Dakota County Treasurer - Auditor.

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collection of Current Year's Levy	Percentage of Levy Collected	Collection of Prior Years' Levy	Total Collections	Percentage of Total Collections to Levy
2013	\$ 14,551,809	\$ 14,486,760	99.55 %	\$ 141,552	\$ 14,551,809	100 %
2014	15,056,760	14,906,474	99.00	209,651	15,056,760	100
2015	16,468,844	16,369,815	99.40	119,121	16,468,844	100
2016	18,022,195	17,928,458	99.48	121,505	18,022,195	100
2017	19,197,825	19,056,388	99.26	141,437	19,197,825	100
2018	21,041,791	20,921,998	99.43	138,037	21,041,791	100
2019	23,310,688	23,282,030	99.88	81,723	23,310,688	100
2020	24,810,277	24,673,232	99.45	120,512	24,793,744	100
2021	26,202,752	26,071,741	99.50	158,544	26,202,752	100
2022	28,064,780	27,912,552	99.46	-	27,912,552	99

Source: Dakota County Treasurer - Auditor.

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation (G.O.) Bonds (1)	G.O. Tax Increment Bonds	G.O. Special Assessments Bonds	Leases Payable	G.O. Revenue Bonds (1)	Capital Leases			
2013	\$ 10,171,859	\$ 6,105,000	\$ 10,456,544	\$ -	\$ 21,040,004	\$ 83,245	\$ 47,856,652	4.02 %	\$ 1,400
2014	9,790,308	3,982,550	9,796,053	-	17,282,225	56,823	40,907,959	3.79	1,187
2015	17,363,296	2,836,275	7,567,731	-	20,408,629	29,120	48,205,051	3.94	1,389
2016	25,734,951	1,681,275	6,242,731	-	19,018,096	-	52,677,053	4.27	1,502
2017	25,073,158	1,131,275	8,452,731	-	23,197,427	-	57,854,591	4.45	1,642
2018	25,943,500	560,000	7,269,990	-	21,511,921	-	55,285,411	3.88	1,563
2019	27,673,288	-	6,190,866	-	14,786,830	-	48,650,984	3.27	1,371
2020	26,671,000	-	5,007,560	-	13,511,374	-	45,189,934	2.15	1,281
2021	25,303,163	-	4,750,727	148,377	15,172,519	-	45,374,786	2.90	1,267
2022	23,882,175	-	4,093,894	224,958	10,907,593	-	39,108,620	2.27	1,094

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Demographic and Economic Statistics for personal income and population data.

(1) The G.O. revenue bonds were reclassified from governmental activities to business-type activities in 2013.

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less Amounts Restricted for Debt Service	Net Bonded Debt	Percentage of Estimated Market Value of Taxable Property (1)	Per Capita (2)
2013	\$ 47,773,407	\$ 5,055,559	\$ 42,717,848	1.57 %	\$ 1,249
2014	40,851,136	4,662,906	36,188,230	1.29	1,050
2015	48,175,931	6,000,117	42,175,814	1.40	1,218
2016	52,677,053	5,119,578	47,557,475	1.49	1,350
2017	57,854,591	4,657,944	53,196,647	1.63	1,510
2018	55,285,411	5,129,747	50,155,664	1.41	1,418
2019	48,650,984	4,201,334	44,449,650	1.17	1,253
2020	45,189,934	4,304,080	40,885,854	1.01	1,158
2021	45,226,409	4,190,980	41,035,429	0.95	1,146
2022	38,883,662	4,074,672	34,808,990	0.77	974

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

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City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2022

Governmental Unit	Debt Outstanding (1)	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
School District # 199	\$ 110,985,000	94 %	\$ 104,134,895
School District # 196	117,865,000	5	6,408,674
School District # 197 (3)	51,251,000	1	355,579
Metropolitan Council (2)	218,520,000	1	2,307,790
Total Overlapping Debt	<u>498,621,000</u>		<u>113,206,938</u>
City of Inver Grove Heights Direct Debt	<u>28,201,027</u>	100.00	<u>28,201,027</u>
Total Direct and Overlapping Debt	<u>\$ 526,822,027</u>		<u>\$ 141,407,965</u>

Source: Dakota County Treasurer/Auditor, Official Statement obtained on EMMA and Municipal Advisor's records

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses to the City of Inver Grove Heights, Minnesota. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(1) Amounts do not include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

(2) Debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Council also has general obligation sewer revenue, wastewater revenue, and radio revenue bonds and lease obligations outstanding all of which are supported entirely by revenues and have not been included in the Overlapping Debt.

(3) Based upon the long term facilities maintenance revenue formula and current statistics, the District anticipates a portion of this debt will be paid by the State of Minnesota.

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Legal Debt Margin Information
 Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Debt Limit	\$ 81,615,422	\$ 83,945,251	\$ 90,165,490	\$ 95,968,711
Total Net Debt Applicable to Limit	<u>7,685,804</u>	<u>6,181,018</u>	<u>14,077,236</u>	<u>13,229,040</u>
Legal Debt Margin	<u>\$ 73,929,618</u>	<u>\$ 77,764,233</u>	<u>\$ 76,088,254</u>	<u>\$ 82,739,671</u>
Total Net Debt Applicable to the Limit as a Percent of Debt Limit	9.42%	7.36%	15.61%	13.78%

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 98,103,239	\$ 106,806,191	\$ 114,177,918	\$ 121,295,097	\$ 129,435,280	\$ 136,459,443
14,530,123	23,056,521	24,751,521	23,883,401	21,776,263	20,406,263
<u>\$ 83,573,116</u>	<u>\$ 83,749,670</u>	<u>\$ 89,426,397</u>	<u>\$ 97,411,696</u>	<u>\$ 107,659,017</u>	<u>\$ 116,053,180</u>
14.81%	21.59%	21.68%	19.69%	16.82%	14.95%

Legal Debt Margin Calculation for Fiscal Year 2022

Taxable Market Value	<u>\$ 4,548,648,085</u>
Debt Limit (3 Percent of Market Value)	<u>\$ 136,459,443</u>
Debt Applicable to Limit	
General obligation bonds	23,235,000
Less: amount available in debt service funds	<u>(2,828,737)</u>
Total Net Debt Applicable to Limit	<u>20,406,263</u>
Legal Debt Margin	<u>\$ 116,053,180</u>

City of Inver Grove Heights, Minnesota

Statistical Section (Unaudited)

Pledged Revenue Coverage

Last Ten Fiscal Years

Water G.O. Revenue Bonds

Fiscal Year	Water Charges and other	Less Operating Expense (1)	Net Available Revenue	Debt Service			Coverage
				Principal (3)	Interest	Total	
2013	\$ 3,054,386	\$ 1,461,176	\$ 1,593,210	\$ 685,000	\$ 331,270	\$ 1,016,270	156.77 %
2014	2,818,851	1,771,162	1,047,689	745,000	169,423	914,423	114.57
2015	2,899,782	1,449,803	1,449,979	805,000	91,050	896,050	161.82
2016	2,878,095	1,572,283	1,305,812	825,000	74,039	899,039	145.25
2017	3,051,811	1,702,566	1,349,245	845,000	57,324	902,324	149.53
2018	3,132,068	2,005,111	1,126,957	850,000	40,426	890,426	126.56
2019	3,031,231	1,807,741	1,223,490	369,999	27,701	397,700	307.64
2020	3,212,973	1,894,709	1,318,264	379,999	20,676	400,675	329.01
2021	3,602,230	2,036,110	1,566,120	390,000	12,975	402,975	388.64
2022	3,606,552	2,859,679	746,873	409,088	6,800	415,888	179.59

Sewer G.O. Revenue Bonds

Fiscal Year	Sewer Charges and other	Less Operating Expense (1)	Net Available Revenue	Debt Service			Coverage
				Principal (4)	Interest	Total	
2013	\$ 3,016,134	\$ 2,287,807	\$ 728,327	\$ 235,000	\$ 445,141	\$ 680,141	107.08 %
2014	3,052,651	2,299,419	753,232	465,000	434,060	899,060	83.78
2015	3,088,659	2,653,539	435,120	475,000	301,760	776,760	56.02
2016	3,281,356	2,455,570	825,786	525,000	472,244	997,244	82.81
2017	3,460,592	2,938,354	522,238	715,000	559,112	1,274,112	40.99
2018	3,693,679	2,779,890	913,789	790,000	609,351	1,399,351	65.30
2019	3,738,809	2,893,402	845,407	815,001	493,866	1,308,867	64.59
2020	3,847,337	3,003,492	843,845	850,001	372,449	1,222,450	69.03
2021	3,929,095	2,755,555	1,173,540	880,000	344,088	1,224,088	95.87
2022	4,220,841	3,327,065	893,776	895,912	336,568	1,232,480	72.52

Golf Course G.O. Revenue Bonds

Fiscal Year	Golf Course Charges and Others (2)	Less Operating Expense (1)	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2013	\$ 1,560,687	\$ 1,566,754	\$ (6,067)	\$ 1,235,000	\$ 57,053	\$ 1,292,053	(0.47) %

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Excludes depreciation expense.

(2) There are no golf course debt service requirements after 2013.

(3) Excludes refunded principal paid through cash held with fiscal agent (\$2,380,000 in 2013, \$2,885,000 in 2014).

(4) Excludes refunded principal paid through escrow agent (\$4,780,000 in 2014).

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income (1)	Unemployment Rate
2013	34,189	\$ 1,162,562,756	\$ 34,004	4.7 %
2014	34,458	1,213,335,096	35,212	3.9
2015	34,627	1,219,285,924	35,212	3.5
2016	35,234	1,234,916,466	35,049	3.3
2017	35,236	1,300,419,816	36,906	3.3
2018	35,372	1,425,526,972	40,301	2.6
2019	35,481	1,488,569,874	41,954	3.0
2020	35,321	2,108,063,243	59,683	7.9
2021	35,801	1,564,897,511	43,711	3.4
2022	35,743	1,719,235,622	48,022	2.0

Data Sources

Metropolitan Council (www.metrocouncil.org)

Minnesota Dept of Employment and Economic Development (www.deed.state.mn.us)

U.S. Census Bureau (www.factfinder2.census.gov)

(1) Per Capita Personal Income is for the State of Minnesota, not solely the City of Inver Grove Heights and uses the latest published numbers.

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City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Principal Employers
 Prior Year and Eleven Years Ago

	2021 (2)			2013 (2)		
	Employees	Rank	Percent of City Employment (1)	Employees	Rank	Percent of City Employment (1)
Cenex / CHS Cooperatives	1,600	1	8.15	800	2	3.89
Independent School District 199	668	2	3.40	535	4	2.60
Gertens	435	3	2.22	475	7	2.31
City of Inver Grove Heights	421	4	2.14	600	3	2.92
Travel Tags	350	5	1.78	350	8	1.70
Inver Hills Community College	337	6	1.72	484	6	2.35
Total Construction	250	7	1.27	250	9	1.22
Wal-Mart	210	8	1.07	220	10	1.07
Woodlyn Heights Senior Living	200	9	1.02	-	-	-
Cub Foods	160	10	0.82	-	-	-
Koch Refinery (Flint Hills)	-	-	-	1,200	1	5.84
Evergreen Industries	-	-	-	500	5	2.43
Total	4,631		23.59 %	5,414		26.33 %

Source: MN Department of Economic Employment and Development

- (1) Represents total employment, not just within the City
- (2) Information for current year was not available.

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Full-time Equivalent Employees by Function
 Last Ten Fiscal Years

Function	2013	2014	2015	2016
General Government	29	29	28	34
Public Safety				
Police				
Officers	32	32	35	36
Civilians	5	5	6	6
Fire				
Firefighters and officers	2	2	3	3
Civilians	2	2	2	2
Public Works				
Engineering	6	6	6	6
Maintenance	15	15	15	16
Culture and Recreation	22	22	25	24
Water and Sewer	7	7	7	9
	<u>120</u>	<u>120</u>	<u>127</u>	<u>136</u>
Total	<u>120</u>	<u>120</u>	<u>127</u>	<u>136</u>

Source: City budgets and personnel records.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
30	32	38	39	43	42
39	39	40	41	45	46
5	7	5	6	5	6
4	4	7	7	7	16
1	1	1	1	1	1
6	7	8	8	8	7
16	13	12	12	13	13
28	27	30	32	33	35
<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>10</u>	<u>10</u>
<u><u>137</u></u>	<u><u>139</u></u>	<u><u>151</u></u>	<u><u>157</u></u>	<u><u>165</u></u>	<u><u>176</u></u>

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Operating Indicators by Function
 Last Ten Fiscal Years

Function	2013	2014	2015	2016
Police				
Physical arrests ⁽¹⁾	346	353	418	377
Traffic violations	2,244	1,653	1,285	1,154
Fire				
Calls answered	1,159	1,249	1,193	1,324
Public Works				
Resurfacing (miles)	0.83	1.75	1.25	0.70
Culture and Recreation				
Athletic field permits issued ⁽³⁾	2,794	2,849	2,877	2,823
Community center admissions	231,137	230,717	227,791	225,696
Rink hours used	4,272	4,155	4,045	5,467
Rounds of golf purchased	47,027	50,667	52,997	42,913
Driving range buckets ⁽²⁾	17,608	17,167	19,901	10,647
Water				
New connections	105	50	37	427
Water main breaks	6	10	3	4
Average daily consumption (millions of gallons)	2.79	2.65	2.75	2.65

Sources: City department records.

(1) Only Felony arrests were tracked between 2013 and 2016

(2) Driving Range buckets can be purchased in 3 sizes ranging from 20 to 75 balls per bucket.

(3) In 2022, the City implemented new software. Athletic permits are now tracked by hours versus number of permits iss

2017	2018	2019	2020	2021	2022
520	542	544	686	719	600
2,086	2,542	1,909	1,622	1,827	1,585
1,602	1,577	1,816	2,217	2,787	3,014
0.68	1.81	0.4	2.2	2.93	8.08
2,907	2,856	2,842	2,660	5,101	7,123
227,323	228,911	219,918	85,669	119,176	163,615
5,822	4,493	5,449	3,230	5,300	5,079
44,067	59,738	57,644	71,288	82,439	72,683
13,457	13,921	14,281	18,282	20,958	19,954
78	198	72	45	81	222
5	9	1	2	2	7
2.80	2.70	2.68	2.96	3.14	2.99

ued.

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2013	2014	2015	2016
Public Safety				
Police				
Stations	1	1	1	1
Patrol units	21	21	21	21
Fire stations				
Stations	2	2	2	2
Fire trucks	10	10	10	10
Other vehicles	4	4	4	4
Public Works				
Highways and streets				
Streets (miles)	135	140	141	144
Street lights (1)	33	33	33	33
Traffic signals (2)	2	2	2	2
Culture and Recreation				
Parks acreage	844	844	844	844
Parks	28	28	28	28
Swimming pools	4	4	4	4
Ice rinks	10	10	10	10
Athletic fields	24	24	24	24
Tennis courts	11	11	11	11
Community centers	1	1	1	1
Golf courses	1	1	1	1
Utilities				
Water				
Miles of water main	152	158	156	161
Wells	7	7	7	7
Fire hydrants	1,554	1,683	1,711	1,647
Maximum daily capacity (millions of gallons)	13	13	13	13
Sewer				
Miles of sanitary sewer	125	125	132	129
Miles of storm sewers	98	99	102	102

Source: City department records.

(1) The majority of street lights in the City are owned by the utility companies.

(2) The majority of traffic lights in the City are owned by Dakota County and/or the State of Minnesota.

2017	2018	2019	2020	2021	2022
1	1	1	1	1	1
20	19	20	23	26	29
2	2	3	3	3	3
11	11	11	11	11	11
4	4	4	6	5	5
149	152	141	141	144	144
33	33	48	48	30	30
2	2	2	2	2	2
844	911	916	1,054	1,062	1,062
28	28	28	29	30	30
4	4	4	4	4	4
10	10	10	11	11	12
24	24	24	26	26	26
11	11	14	12	12	12
1	1	1	1	1	1
1	1	1	1	1	1
158	152	154	161	166	169
7	7	7	7	7	7
1,673	1,762	1,802	1,831	1,923	1,948
13	13	13	13	13	13
129	130	131	131	135	134
104	101	108	111	113	115

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OTHER REPORTS

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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**INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE**

Honorable Mayor and City Council
City of Inver Grove Heights, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Inver Grove Heights, Minnesota (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements which collectively comprise the City's basic financial statements,, and have issued our report thereon dated June 12, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of those charged with governance and management of the City and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.



Abdo
Minneapolis, Minnesota
June 12, 2023

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Council
City of Inver Grove Heights, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Inver Grove Heights, Minnesota (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 12, 2023

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed three instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Abdo
Minneapolis, Minnesota
June 12, 2023



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FEDERAL FINANCIAL AWARD PROGRAMS

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE***

Honorable Mayor and City Council
City of Inver Grove Heights, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Inver Grove Heights, Minnesota (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (*Uniform Guidance*). Our responsibilities under those standards and the *Uniform Guidance* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Uniform Guidance* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.



The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Abdo
Minneapolis, Minnesota
June 12, 2023



City of Inver Grove Heights, Minnesota
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Funding Source	Administering Department	Federal Domestic Assistance Number	Program Name/Number	Federal Program Clusters	Federal Expenditures
U.S. Department of Transportation	City of Rosemount	20.600 ⁽¹⁾	State and Community Highway Safety	\$ 3,768	
U.S. Department of Transportation	Minnesota Department of	20.616 ⁽¹⁾	National Priority Safety Programs	34,554	
U.S. Department of Transportation	City of Rosemount	20.616 ⁽¹⁾	National Priority Safety Programs	3,914	
U.S. Department of Transportation	City of South St. Paul	20.616 ⁽¹⁾	National Priority Safety Programs	694	
			Total National Priority Safety Programs	<u>39,162</u>	
			Total Highway Safety Cluster		<u>\$ 42,930</u>
U.S. Department of Transportation	Minnesota Department of Revenue	20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated		57,443
U.S. Department of Transportation	City of Rosemount	20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated		2,080
U.S. Department of Transportation	City of South St. Paul	20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated		<u>1,700</u>
			Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated		<u>61,223</u>
U.S. Department of Treasury	Department of Revenue	21.027	Coronavirus State and Local Fiscal Recovery Funds		<u>122,430</u>
U.S. Department of Homeland Security	Direct	97.083	Staffing for Adequate Fire and Emergency Response		<u>896,122</u>
Total					<u><u>\$ 1,122,705</u></u>

(1) Denotes Highway Safety Cluster

City of Inver Grove Heights, Minnesota
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Inver Grove Heights, Minnesota (the City) for the year ended December 31, 2022. The City's reporting entity is defined in Note 1A to the City's financial statements. The information in this schedule is presented in accordance with the requirement of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. All Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the schedule.

Note 2: Summary of Significant Accounting Policies for Expenditures

Expenditures reported on this schedule are reported on the modified accrual basis of accounting.

Note 3: Pass-through Entity Identifying Numbers

Pass-through entity identifying numbers, if any, are presented where available.

Note 4: Subrecipients

No federal expenditures presented in this schedule were provided to subrecipients.

Note 5: Indirect Cost Rate

During the year ended December 31, 2022, the City did not elect to use the 10% de minimis indirect cost rate.

City of Inver Grove Heights, Minnesota
 Schedule of Findings, Responses and Questioned Costs
 For the Year Ended December 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)?	No

Identification of Major Programs/Projects

	CFDA No.
Staffing for Adequate Fire and Emergency Response	97.083
Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

None

Section III - Major Federal Award Findings and Questioned Costs

There are material weaknesses and instances of noncompliance that are required to be reported in accordance with the Uniform Guidance.

Section IV - Schedule of Prior Year Audit Findings

None

Other Issues

A Corrective Action Plan is required because there are findings required to be reported under the Federal Single Audit Act.

City of Inver Grove Heights, Minnesota
Schedule of Findings, Responses and Questioned Costs (Continued)
For the Year Ended December 31, 2022

<u>Finding</u>	<u>Description</u>
2022-001	U.S. Department of Homeland Security Staffing for Adequate Fire and Emergency Response Activities Allowed or Unallowed and Allowable Costs
<i>Criteria:</i>	The Staffing for Adequate Fire and Emergency Response grant requires grantees to request reimbursement for payroll costs incurred during the applicable grant period.
<i>Condition:</i>	During the course of our engagement, we noted the City requested grant reimbursement for a greater amount of payroll costs than what was actually incurred during applicable grant periods.
<i>Cause:</i>	Staff requesting reimbursement of the grant used estimated payroll costs for reimbursement requests, instead of the actual payroll costs.
<i>Effect:</i>	The City is out of compliance with the grant program and received a greater amount of funds than what was allowable.
<i>Recommendation:</i>	We recommend City staff review the grant requirements and determine a process for properly requesting reimbursement.
<i>Management Response:</i>	Management is working on establishing a process for submitting reimbursement requests.
2022-002	U.S. Department of Homeland Security Staffing for Adequate Fire and Emergency Response Reporting
<i>Criteria:</i>	The Staffing for Adequate Fire and Emergency Response grant requires grantees to submit several reports, including but not limited to semi-annual financial reports.
<i>Condition:</i>	During the course of our engagement, we noted the City received a late notice for the filing the semi-annual financial report late. Also, the City did not file the required semi-annual financial performance reports.
<i>Cause:</i>	Staff was aware of the due date for the semi-annual financial report, however the timing of submission was delayed for unknown causes. Staff was not aware the semi-annual performance reports were available to be submitted.
<i>Effect:</i>	The City is out of compliance with the grant program.
<i>Recommendation:</i>	We recommend City staff review the grant requirements and determine a process for filing the required reporting forms.
<i>Management Response:</i>	Management is working on a process for submitting the required reports.

City of Inver Grove Heights, Minnesota
Schedule of Findings, Responses and Questioned Costs (Continued)
For the Year Ended December 31, 2022

<u>Finding</u>	<u>Description</u>
2022-003	U.S. Department of Homeland Security Staffing for Adequate Fire and Emergency Response Activities Allowed or Unallowed and Allowable Costs Reporting Deficiency in Internal Control over Compliance
<i>Criteria:</i>	Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires internal control procedures to be performed over expenditures.
<i>Condition:</i>	During the course of our engagement, we noted reimbursement requests and required reports were not reviewed prior to submission and the City did not have sufficient internal controls over the reporting process.
<i>Cause:</i>	The City did not have adequate internal controls to ensure control procedures over expenditures.
<i>Effect:</i>	Internal controls procedures were not properly performed over expenditures.
<i>Recommendation:</i>	We recommend the City develops internal controls specifically addressing reimbursement request approval and reporting requirements.
<i>Management Response:</i>	Management is working on a process for approving and submitting reimbursement requests and required reports.



2022-001

**U.S. Department of Homeland Security
Staffing for Adequate Fire and Emergency Response**

Activities Allowed or Unallowed and Allowable Costs

The Staffing for Adequate Fire and Emergency Response grant requires grantees to request reimbursement for payroll costs incurred during the applicable grant period. During the course of our engagement, we noted the City requested grant reimbursement for a greater amount of payroll costs than what was actually incurred during applicable grant periods.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Action Planned in Response to Finding:

Management is aware of the compliance issue and will implement the suggested procedures.

Official Responsible for Ensuring CAP:

Amy Hove, Finance Director, would be responsible for procedures.

Planned Completion Date for CAP:

Procedures will be implemented in the current fiscal year.

Plan to Monitor Completion of CAP:

The finance department will review reimbursement requests and ensure compliance.

Sincerely,

A handwritten signature in cursive script that reads "Amy Hove".

**Amy Hove
Finance Director**



2022-002

**U.S. Department of Homeland Security
Staffing for Adequate Fire and Emergency Response**

Reporting

The Staffing for Adequate Fire and Emergency Response grant requires grantees to submit several reports, including but not limited to semi-annual financial reports. During the course of our engagement, we noted the City received a late notice for the filing the semi-annual financial report late. Also, the City did not file the required semi-annual financial performance reports.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Action Planned in Response to Finding:

Management is aware of the compliance issue and will implement the suggested procedures.

Official Responsible for Ensuring CAP:

Amy Hove, Finance Director, would be responsible for procedures.

Planned Completion Date for CAP:

Procedures will be implemented in the current fiscal year.

Plan to Monitor Completion of CAP:

The finance department will review reporting requirements and ensure compliance.

Sincerely,

A handwritten signature in cursive script that reads "Amy Hove".

**Amy Hove
Finance Director**



2022-003

**U.S. Department of Homeland Security
Staffing for Adequate Fire and Emergency Response**

**Activities Allowed or Unallowed and Allowable Costs
Reporting
Deficiency in Internal Control over Compliance**

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires internal control procedures to be performed over expenditures. During the course of our engagement, we noted reimbursement requests and required reports were not reviewed prior to submission and the City did not have sufficient internal controls over the reporting process.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Action Planned in Response to Finding:

Management is aware of the compliance issue and will implement the suggested procedures.

Official Responsible for Ensuring CAP:

Amy Hove, Finance Director, would be responsible for procedures.

Planned Completion Date for CAP:

Procedures will be implemented in the current fiscal year.

Plan to Monitor Completion of CAP:

The finance department will review internal control procedures.

Sincerely,

A handwritten signature in cursive script that reads "Amy Hove".

**Amy Hove
Finance Director**